

Everyone wins with successful sponsorship

The advantages of sponsorship and the threat of ambush marketing were the themes of this year's MARQUES conference, held in the Hilton Hotel in Malta in September. Speakers gave insightful and well-illustrated talks on the commercial benefits of sponsorship agreements, and highlighted the controversies that can arise over ambush marketing.

Malta may be one of the EU's smaller states, but – as MARQUES chairman Tove Graulund observed in her welcoming comments – the country boasts one of oldest brands in the world. The Maltese Cross dates back to 1099 and is now registered as a Community trade mark. It was then an appropriate venue for this year's MARQUES Conference, titled "Rights in Shining Armour", which attracted a record 600 delegates from some 65 countries.

And sponsorship was an appropriate theme in a year in which the Winter Olympics and the football World Cup were held in Europe, highlighting the growth of and potential in commercial event sponsorship. As Peter Wild of Wild Schnyder said, introducing the opening session: "If advertising shakes your hand, then sponsorship embraces you."

The benefits of sponsoring

A number of speakers gave case studies from the point of view of both the sponsor and the sponsored. Trade mark attorney David Gill



provided entertaining, but nevertheless serious, examples of ambush marketing at the FIFA World Cup, and highlighted the need for special legislation to deal with the problem. David Stone of Howrey discussed one of the most valuable sponsorship opportunities – the Olympic Games. Such is the brand power of the Olympics that some sponsors return year after year: Coca-Cola has sponsored every Games since 1928. Nevertheless, said David, such examples show the need to invest in advertising on top of the sponsorship agreement.

The Olympic Movement now requires hosting cities to put in place legislation to protect Olympic words and symbols – something the UK has just done, despite some opposition, for the 2012 Summer Games. Whether or not this legislation is, as David said, "a necessary and proportionate response" prompted some debate among those at the conference.

Meanwhile, from the perspective of the arts, Roula Kozontis gave some personal insights from her work with the Royal Institute of British Architects and the English National Opera. While these two organisations have

different roles and goals, sponsorship has been important for both. Roula emphasised that arts organisations see sponsorship as selling an association with quality rather than asking for money.

There were also insights from beyond Europe. Carl van Rooyen of Spoor and Fisher in South Africa (a country which has enacted strong laws against ambush marketing) gave a fish-themed talk in which he advocated the benefits of being a bottom-feeder, and advised those involved in drafting contracts to learn about and visualise the event itself. Meanwhile, Damaso Pardo of Perez Alati, Grondona, Benites Arntsen & Martinez provided a South American perspective, and emphasised the social importance of sponsorship in developing countries.

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Sponsorship was not the only subject discussed at the conference. There were no less than six workshops covering arbitration, brand valuation, ingredient branding, .eu domain names, look-alikes and geographical indications. Maltese hospitality was on display at the Gala Dinner, the reception at the Villa Bigli (which featured local crafts, traditional entertainment and fireworks) and the opening reception – complete with fire-eating.



The corporate view

Representatives of a number of companies explained that, when deciding what events or organisations to sponsor, issues such as social responsibility and health are at least as important as commercial opportunities. Simone Pelkmans illustrated how Unilever has supported athletics events such as the London Marathon as well as arts projects. Jennifer Powers of Red Bull explained her company's emphasis on backing up its slogans "Gives You Wings" and "Revitalises Body and Mind" through activities such as the Red Bull Air Race and motorsport.

Benny Eriksen of Arla Foods entertained delegates with football and cows – Arla has sponsored Danish football since 1998. In particular, he highlighted the challenges of working with footballers and coaches to maximise brand exposure. Meanwhile, Anders Löfgren of the Volvo Ocean Race explained both Volvo's interest in the global sailing race and the attractions for team sponsors: "It's a money-can't-buy experience."

Fabio Pirrone of Benetton had a unique perspective as Benetton's sponsorship of activities from Formula 1 to skiing to spaceflight, as well as its social campaigns, have been integral to the brand itself. Fabio also discussed a case in Venice where Benetton had lost a battle with the International Olympic Committee over the Olympics trade marks.

Other speakers addressed different aspects of sponsorship and ambush marketing. Massimo Sterpi of Jacobacci & Associati talked of sponsorship as an exchange, best demonstrated by projects such as Unilever's sponsorship of London's Tate Modern art gallery and Adobe Systems' sponsorship of the Solomon R Guggenheim Museum. But, he warned, in all these partnerships there are tax, legal and trade mark issues that need to be addressed. Fred von Raay from the University of Tilburg looked at new trends in marketing and sponsorship, including personal TV, strategic partnerships and mutually beneficial deals, while Anke Nestler of O+R Corporate Finance considered qualitative and quantitative valuation methods to measure the benefits and risks of sponsorship.

Boudewijn van Vondelen of Nauta Dutilh introduced his panel on Wednesday with a picture of Tiger Woods smiling in the shape of a Nike swoosh. While not every sponsorship may achieve quite that level of brand association, one lesson from all the presentations was the need for commitment and careful planning by brand owners to ensure that the benefits of sponsorship are fully achieved.

Madrid reforms discussed

Tove Graulund, Jane Collins and Cristina Duch represented **MARQUES** at the Second Session of the Ad Hoc Working Group on the Legal Development of the Madrid System for the International Registration of Marks that was held from 12th June to 16th June at WIPO.

One of the main items on the Session's agenda was a review of the so-called safeguard clause of Article 9 *sexies* of the Madrid Protocol. During the Session, **MARQUES** took the opportunity to reiterate its support for a total repeal of the safeguard clause *under certain conditions* and put its thumbprint on the development of the discussion by handing out a position paper to all the participants.

This paper detailed the **MARQUES** proposal in favour of simple and cost-effective registration systems that are beneficial to IP owners. **MARQUES** considers that the Protocol is well placed to become the main system for registration of trade marks, and thus it is actively promoting the expansion of the Protocol. It is for the benefit of users that the goal should be to have a unique system for the international registration of trade marks. In this regard, **MARQUES** has set up a website on the Protocol (www.madridprotocol.tm), that contains some basic text explaining the working of the system, a section highlighting the benefits for industry and a manifesto to which anyone will be able to sign up.

In the course of the debate, **MARQUES** specified that the repeal of the safeguard clause should be accompanied by certain measures aimed at limiting undesired effects that might result from repeal. As an example, it was proposed that any national office, which charges individual fees, as a minimum sends the following notifications to applicants, directly or through WIPO:

- a notification confirming the end of the standard procedure of examination and information that the mark will proceed to publication, if this is the next step; and
- a notification confirming the protection of the mark at the expiry of the opposition period, if no oppositions have been filed, or when an opposition has been refused, as the case may be.

The idea is to exchange the undesirable higher fees for better service and more information. The goal is to obtain the same degree of services under the Madrid system as under national procedures.

Having considered various possible options for a repeal or restriction of the scope of the safeguard clause, the Working Group concluded that it should continue its preparatory work with the aim of achieving the following objectives: (1) to simplify the Madrid system, keeping in mind the ultimate goal that the system be governed by a single treaty; (b) to avoid discrimination among all contracting parties to the Madrid Protocol; and (3) to allow users bound by both treaties to benefit from the advantages offered by the Protocol, while limiting undesired effects.

Further, the Working Group will ask for an extension of its mandate to explore a proposal for a possible repeal of the safeguard clause accompanied by measures aimed at (1) ensuring that the level of services provided by the offices of contracting parties to the Protocol is commensurate with the individual fees charged and the length of the applicable refusal period, and (2) establishing more precise criteria and maximum levels to be applied by contracting parties to the Protocol when fixing the amounts of the individual fees they may require.

In the light of these conclusions, it is evident that **MARQUES** played a decisive role during the discussions and will be prominent in the future work of the Working Group.

More information can be found at <http://www.madridprotocol.tm>

As has become traditional, representatives of the major international IP organisations took part in the **MARQUES** conference. Vincent O'Reilly, director of IP policy at OHIM, discussed the first two decisions of OHIM's new Grand Board of Appeal, published in July this year.

In one case, the Grand Board upheld the cancellation of a trade mark for Lego bricks on the grounds that it was "necessary to obtain a technical result" as described in Article 7(1)(e)(ii) of the Regulation/Directive. O'Reilly said the decision that the shape mark is invalid follows ECJ precedent in the *Philips v Remington* case. "This is as clear an example as possible of the impact of ECJ interpretation of the Directive on Office practice in applying the rule," he said.

The second decision concerned the cancellation of a mark on the grounds of public order or morality. The mark was accepted for some goods but not others and the Grand Board said it is necessary to consider whether marks are offensive to a "reasonable person with normal levels of sensitivity and tolerance".

Specifically, the Grand Board said the mark could be registered in class 10 for "condoms, contraceptives, sex toys (vibrators, dolls)". It could also be registered for "artificial breasts" and "breast pumps" provided the specification is limited to cover those goods only when normally sold in sex shops.

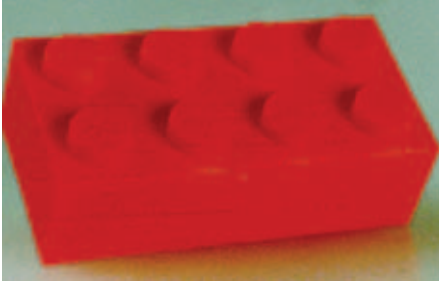
Representatives of WIPO provided an update on the growth of the Madrid Protocol, indicated the next countries that are expected to become member states, and also explained the issues that are being discussed by the Madrid Union Working Group. Marcus Hopperger of WIPO explained the significance of the Singapore Treaty and further work being undertaken by WIPO's Standing Committee on Trademarks.

*Report by James Nurton, editor, Managing Intellectual Property and member of the **MARQUES** Publication and Website Team*



Lego loses brick trade mark

OHIM's Grand Board issued its first decision in the summer. Carl De Meyer and Eva De Pauw review the case.



The ongoing intellectual property war waged between Lego and its competitors may have come to an end in Europe following a crucial decision from the Board of Appeal of OHIM. On 10th July 2006, Lego lost its appeal against the annulment of its Community trade mark (CTM) registration for its well-known brick design. However, the company has said it will appeal this decision to the Court of First Instance in Luxembourg.

The first skirmish in Lego's European campaign began in 1996 when, after the expiry of its patent, the Danish company filed a CTM for its brick design in an attempt to stop competitors – including Mega Brands (formerly Mega Bloks) – from marketing similar construction toys. The Lego brick was registered in 1999 on the basis of acquired distinctiveness pursuant to Article 7(3) of the Community Trade Mark Regulation (CTMR).

Patents and trade marks

On the grounds that Lego was attempting to extend its patent monopoly unfairly, Mega Brands filed a cancellation action. Among a number of arguments, Article 7(1)(e)(ii) CTMR was used as a primary ground – the clause stating that a shape of which all the essential characteristics perform a technical function cannot be registered as a trade

mark. This was primarily what convinced the Cancellation Division subsequently to invalidate Lego's CTM registration.

The Cancellation Division determined that each of the elements of the shape of the brick, and therefore the brick as a whole, were necessary in order to obtain a technical result – the assembly and disassembly of toys. Naturally, Lego appealed. Among other points, it argued that the Lego brick design could benefit from acquired distinctiveness and that a wide array of alternative product configurations was possible.

The July 2006 Grand Board of Appeal decision to uphold the annulment ruling follows the precedent set by the European Court of Justice (ECJ) in *Philips v Remington* – a similar case centred on the equally well-known three-headed rotary shaver design. Here too, Remington was pushing for the

A question of venue

A decision of the Danish Maritime and Commercial Court in October established that that court is the correct venue for cases of trade mark infringement. Hanne Weywardt reports.

In the initial case, filed with the Maritime and Commercial Court, regarding a customs seizure of a number of counterfeit Canada Goose jackets, the defendant objected to the formality regarding the correct venue for the case.

The defendant claimed that the correct place for the venue was the defendant's home court. The plaintiff claimed however that the right place for the venue was the Maritime and Commercial Court and consequently the formality issue was brought before the court.

The plaintiff alleged in support of his case that all claims were to be solved according to The Trade Marks Act, Section 43 according to which the Maritime and Commercial Court is the right venue in cases where the Trade Marks Act is of significant importance for the case, and therefore the case belonged at The Maritime and Commercial Court, where expertise on IP-related issues is available.

Three claims were put forward in the initial case, namely (1) that the customs seizure had been rightfully conducted as the seized goods constituted a trade mark violation, (2) that the goods was to be destroyed and (3) that the defendant was liable to pay indemnities.

Amongst other things, the plaintiff claimed that estimation and measuring of a given compensation should be based upon a detailed insight in The Trade Marks Act, and that expertise is essential for all parts of the proceedings of the case.

The defendant alleged, in support of his case, that the principal rule according to Danish law is that legal action is to be taken at the defendant's local jurisdiction, pursuant to the Administration of Justice Act, Section 235.

The defendant had no objection to the first two claims, but objected to having tried to import the goods and said that this question (being a question of evidence) does not involve the Trade Marks Act. The defendant further argued that the question of liability to pay indemnities and the measurement of the possible compensation, alone, was

insufficient foundation for stating that the Trade Marks Act was of "significant importance" to the case.

The defendant's claim was dismissed on the following grounds:

- It was assumed by the Court that the use of the Trade Marks Act was of significant importance to the proceedings.
- Therefore the legal action was correctly taken at the Maritime and Commercial Court.
- The fact that the defendant had no objection to the first two claims did not change the fact that expert advice was indeed available, including regarding the assessment of compensation.
- The litigation regarding the compensation alone was therefore sufficient foundation for the legal action to be taken at the Maritime and Commercial Court.

Hanne Weywardt is a partner of MAQS Law Firm, member of the MARQUES Council and Chair of the MARQUES Publication and Website Team.



Philips trade mark to be revoked on the basis that individuals and organisations should not be allowed to acquire everlasting exclusive rights to technical solutions. However, the ruling in *Mega Brands v Lego* went further. It required the Grand Board of Appeal to deal with the issue of the relationship between patent protection and trade mark protection for one and the same creation.

Although the previous existence of patents would not normally bar the Lego brick from being registered as a CTM, the Grand Board considered that it must be taken into account for the purpose of examining whether the shape of the mark is necessary to achieve a technical result. It concluded that features disclosed or claimed in the patent provided "practically irrefutable

evidence" of functionality. The Board even referred to a US Supreme Court ruling in 2001 to drive its point home. The case of *Traffix Devices Inc v Marketing Displays Inc* resulted in a verdict that registration of a functional design would be detrimental to competitors for reasons other than reputation – the key consideration in trade mark law.

Acquired distinctiveness

The Grand Board also held that Lego's claim of acquired distinctiveness (Article 7(3) CTMR) was an irrelevant defence to a finding of functionality under Article 7(1)(e)(ii) CTMR. It was not the lack of distinctiveness that was in issue, rather the public interest in the free use of the specific shapes of the product in question. According to the Grand Board: "proof of acquired distinctiveness does not render the mark non-functional, although the mark may nevertheless possess a kind of 'distinctiveness', simply because competing products are few or non-existent and consumers come to recognise the mark, so to speak, by default". The claim of alternative product configurations was considered to be

equally irrelevant as a defence.

The Grand Board attached great importance to the fact that Lego only applied to register the trade mark after the expiry of the patents. They cited that Article 7(1)(e)(ii) CTMR serves to prevent the circumvention of the patent law guarantee so as not to provide "a back door to grant permanent protection to functional three-dimensional shapes either when they were not patentable or when the patent had expired".

In summing up, the Grand Board adopted the same line of reasoning as the ECJ in *Philips v Remington*, concluding that the Lego brick is wholly functional as "there is nothing arbitrary nor ornamental present in it". Incidentally, this marks the first decision by the Grand Board of Appeal of OHIM – a body similar to the full Supreme Court sitting on a highly specialised case.

Carl De Meyer is a Partner in the Brussels office of Howrey LLP. Eva De Pauw is a Legal Researcher in the Brussels office of Howrey LLP. Howrey represents Mega Brands in Europe.

Community rights and EU enlargement

Next year will see a further extension of the EU, which will have important ramifications for owners of Community trade mark and design rights. Here is everything you need to know.

Subject to the final approval by all the member states of the European Union, the Union will be joined by two new member states on 1st January 2007, namely Bulgaria and Romania. Like the previous enlargement in 2004 this has a number of implications for owners of Community trade marks (CTMs) and designs (CDs). The President of OHIM issued a communication on the subject on 19th June 2006.

Generally speaking the principles of the previous enlargement apply *mutatis mutandis* to the 2007 enlargement. The main features are thus the following:

Automatic extension to Bulgaria and Romania. Most importantly, existing CTMs and CDs are automatically extended to the new member states. No actions are required in this regard.

Are CTMs or CDs enforceable in Bulgaria and Romania? Yes they are, but proprietors of Community rights must respect prior national trade marks and designs, that is national registrations obtained before the accession date of 1st January 2007. This means that the proprietor of a Community trade mark cannot enforce his trade mark right against the proprietor of a prior, confusingly similar national trade mark. On the contrary, the proprietor of such a

prior, confusingly similar national trade mark may prevent the use of the Community trade mark in the jurisdiction in question, provided that the use is considered an infringement of the prior national right. Similar provisions pertain to designs. Proprietors of prior national trade mark rights will not, however, be able to attack the validity of the Community registration itself. Thus, the Community registration, be it a trade mark or design, may be invoked against any other third party. It should however be noted that an exceptional right of opposition will also exist; CTM applications filed between 1st July 2006 and 31st December 2006 can thus be subject to oppositions based on earlier rights in Bulgaria and Romania, pursuant to Article 159a(3) CTMR.

Seniority from prior national trade mark registrations in Bulgaria and Romania.

If the same trade mark is registered as a CTM and a national trade mark in any of the member states, the proprietor may claim seniority from these national registrations and thus have these attached to the CTM.

More difficult to prove establishment as a trade mark. When evaluating whether or not a word mark is sufficiently distinctive for registration, OHIM must after 1st January 2007 also take into

consideration any possible meaning of the word in the Bulgarian and Romanian languages. Should OHIM find that a given mark lacks distinctive character and the proprietor wants to prove that the mark has already been established as a trade mark, the market in which establishment as a trade mark has to be proven will cover also the relevant circles in Bulgaria and Romania. Thus, lifting the burden of proof may be somewhat more difficult.

Exhaustion of rights. The general principle of exhaustion of rights will also apply to products subject to a trade mark or a design protection that are put on the market in Bulgaria and Romania.

This article was prepared by the MARQUES Trade Mark Law and Practice Team.

More information:
<http://oami.europa.eu/en/enlargement/enlargement2007.htm>

“Proprietors of Community rights must respect prior national trade marks and designs.”

Russian reforms explained

Despite much activity in legislative reform in Russia, Oxana Pishvanova says that the final line has not yet been reached in the country's IP protection legal marathon.

During the past 10 months the authorities have adopted several legal acts to strengthen and protect the rights of those doing business in Russia. The major events affecting brand owners are described here.

Alcoholic products and penalties

Effective from 31st December 2005, companies involved in the production and distribution in Russia of products containing alcohol have to provide documents showing that the trade mark is legally used on the product. This new rule does not apply to medications, veterinary and cosmetic products, beer or low-alcohol beverages.

By a separate act, the authorities have significantly increased (up to five-fold) the administrative penalty charges for the illegal use of trade marks, patents and copyright. There are no changes yet with respect to the criminal sanctions. The statute of limitation for administrative offences in the IP area has been extended from two months to one year. The state agencies dealing with administrative offences are now authorised to initiate their own investigation.

New Advertising Act

On 1st July 2006, a new Advertising Act became effective in Russia and cancelled the old Act.

The Advertising Act does not allow misleading and unfair advertising. According to this Act, unfair advertising of a product is advertising that is done in a specific manner, time and place such that it is passed off as another legitimate product by using an identical or confusingly similar trade mark. For example, Company A is known to be a producer of tobacco products. Advertising of tobacco is restricted under the Advertising Act. The company also has a trade mark TM. Its use of TM in advertising of bubble gum in a TV programme could be qualified as unfair advertising and as such be illegal.

Advertising is qualified as misleading if it does not provide the correct information with respect to intellectual property rights.

The Federal Antimonopoly Agency (an administrative body) is entrusted to control advertising. It has powers to issue rulings, injunctions and also bring actions to court.

Competition Act

On 27th July 2006, a new Competition Act was officially published in Russia. This Act will become effective on the 91st day of its publication and will cancel the previous Act known as the Federal Act On Competition and on the Limitation of Monopolistic Activity on Commodities Market dated 22nd March 1991.

The Competition Act, in the same manner as the old Act, prohibits unfair competition and qualifies as such the following acts that may affect the holders of IP rights:

- misleading the consumer with respect to the nature, method and place of production, consumer characteristics, quality of goods or their manufacturer; and
- the sale, exchange or any other form of marketing of product accompanied by unauthorised use of third party IP right including trade marks.

The Competition Act also prohibits unfair acquisition and use of trade mark rights. It entitles the Federal Antimonopoly Agency to consider a complaint filed by an interested party and determine if the acquisition and use of a trade mark qualifies as an act of unfair competition. This would allow the Russian Patent and Trade Mark Office to revoke the legal protection originally granted to the trade mark, provided that the relevant request is filed by the interested party further to the Federal Antimonopoly Agency ruling issued in this respect.

Further developments expected

On 18th June 2006 the President submitted to the Parliament a draft of the Fourth Part of the Russian Civil Code dedicated to IP rights for further discussion and approval. The draft has several chapters that include general provisions, copyright and neighbouring rights provisions, know-how provisions, and provisions dealing with trade marks, firm names, commercial names, appellations of origin and domain names.

The draft is designed to further harmonise Russian IP legislation with European Union legislation, to meet the requirements of the WTO and to put an end to the era when IP



laws were treated as an isolated and alien legal field.

The draft has caused a lot of discussion and deliberation among Russian business and law practitioners. Hearings are scheduled for this autumn's session of the Parliament. Should the draft be accepted and come into force, in the future it would lead to the revocation of the existing IP laws.

In February 2006 the Russian PTO issued draft revisions to the current Trade Mark Act. The most important proposals may be summarised as follows:

- a trade mark registration could be cancelled if actions associated with obtaining the registration are qualified as misuse of rights;
- should a trade mark registration be obtained without the original owner's consent by his agent or representative in Russia, it could be cancelled by the Russian PTO at the request of the original owner;
- should a trade mark infringement be confirmed, the destruction of both the materials and the equipment used for production of counterfeit goods can be requested.

These provisions have been entered into the draft of the Fourth Part of the Russian Civil Code. So it looks like significant changes are expected in the near future and we will monitor these in due course.

Oxana Pishvanova is an Associate with Salans in Moscow and a member of the MARQUES Counterfeiting and Parallel Imports Team.

Raise your glass to GIs

Miguel Angel Medina provides an overview of developments during the last decade in Spain regarding the scope of legal and administrative protection accorded to French geographical indications in the alcoholic beverages sector.

The protection given to geographical indications (GIs) is sometimes based on regulations that are directly aimed at protecting specific GIs, as is the case with the international convention between France and Spain of 27th June 1973 on the protection of designations of origin, indications of provenance and names of certain products, and as is also the case with the corresponding Community regulations.

On other occasions protection is enforced via the application of more general or indirect regulations, such as those prohibiting the registration as trade marks of signs that may deceive the public as to, for example, the geographical origin of the goods or services or their nature (Article 5.1.g of the Spanish Trade Mark Act 17/2001, which is equivalent to Article 11.1.f of the Spanish Trade Mark Act 32/1988, which it replaced), and those set out in Article 5.1.h of the 2001 Act. This Article prohibits the registration as trade marks of signs for use on wines or spirits which contain or consist of a geographical indication of origin identifying wines or spirits not having that origin, even where the true origin of the goods is indicated or the geographical indication is used in a translation accompanied by expressions such as kind, type, style or imitation. Even the TRIPs Agreement has been expressly cited in support of some decisions.

At the Trade Mark Office level, numerous signs have been deemed unable to coexist with the trade mark Champagne (translated in Spanish as Champán or Champaña) for alcoholic beverages (Class 33). These include Chamespagne, Chamspain, Champcava, Champenoise 92', Champenedese, Champinette, Champanella Robla, Pancham, Champ...any 4, Txampana Arzuaga (and device), among many others.

There are also myriad examples of geographical indications that are not as well known as Champagne being accorded protection against attempts to register marks for alcoholic beverages that bear a certain degree of resemblance to the protected mark. To cite just one recent example, an

application to register San Julian was refused due to its similarity to the geographical indication Saint Julien. Similar cases of GIs preventing the registration of trade marks include "Valencay" granted protection versus Valency; "Rhum de la Martinique" versus Martinique; "Cotes de Duras" versus Cotes de Duero; "Bourgogne" versus Borgoñon Granate; "Cassis" versus Cassis D'aran; "Muscat de Lunel" versus Lunel; "Minervois" versus Minerva; "Chasselas de Moissac" versus Moissac; and "Graves", "Graves superérieures" and "Graves de Vayres" versus Landgrave.

Extended protection

The protection accorded has on occasion extended beyond identical goods to cases in which new marks referring to geographical indications claimed goods and services that were either related to or liable to be used with alcoholic beverages, and even to cases in which more or less unrelated goods and services were claimed when the fame and prestige of the GI justified the grant of protection. In this regard, we can cite the protection accorded to Eau-de-vie de la Marne versus Duc de Marne (claiming Class 32), Medoc versus Medoc Alaves (Class 21), Banyuls versus Banyuls (Class 31), Champagne versus Champagne (Class 43), Champagne versus Tele-Champagne y Bombones Rojo Y Alcon (Class 39), and Champagne versus Colección Champagne and device (Class 14).

Although there is not a lot of relevant case law, due to the fact that most decisions become final at the level of the Trade Mark Office, there have been a few examples of judgments being handed down by the courts.



One such case is that of the trade mark Konyac, for "non-alcoholic beverages, especially those based on cereals" in Class 32, which was finally rejected by the Spanish Supreme Court in a decision issued on 19th July 2004, on the grounds that the application "is evidence of conduct that is contrary to the dictates of good faith and may give rise to a likelihood of confusion and of association among consumers and is also an act of unfair competition with respect to Cognac wines".

Similarly, in a decision handed down on 18th February 2004, the Supreme Court rejected two applications for the trade mark Colañac claiming the general heading of Classes 32 and 33 on the grounds that "there is a danger that these marks could be considered an attempt to misappropriate the specially protected designation of origin". Hence the prohibitions laid down in the Spanish Trade Mark Act barring the registration of deceptive marks or marks consisting of imitations of other protected IP rights were held to be applicable.

*Miguel Angel Medina is a partner of Elzaburu in Madrid and Spain Correspondent for the **MARQUES Newsletter**.*

In order to better understand the situation in Spain, the following linguistic variations should be borne in mind: NY is phonetically equivalent in Catalan and other languages to the Spanish Ñ and the French GN. The Basque combination TX, meanwhile, is equivalent to the Spanish CH.

Morality aside, brand owners scorn porn

Eric Fingerhut of Howrey warns that the porn industry poses a threat to brand owners – but says that action can be taken against trade mark misuse.

In her bestselling autobiography *How To Make Love Like A Porn Star: A Cautionary Tale*, adult film star Jenna Jameson gives her readers some naming advice. "Don't use another star in the industry's moniker," she writes. "Pick a name that's original." Too bad for trade mark owners, the adult entertainment industry is not listening to her.

Owners of luxury and other well-known brands are used to fighting the age-old battle against counterfeiting and other infringements. After all, according to the International AntiCounterfeiting Coalition, counterfeiting costs brand owners \$200 billion to \$250 billion per year so companies do everything in their power and legal budgets to fight the problem. Just recently handbag maker Coach made big news when it sued Target Stores for selling counterfeit Coach bags (*Coach, Inc v Target Corporation*, Civ Action No 06 CV 78765 (29th September 2006)).

This confrontation, however, lacks the sex appeal inherent in the porn industry's abuse of famous marks. An increasingly common issue confronting owners of luxury and other well-known brands is the misuse of their marks by porn stars, strippers and escorts. For example, the adult film actress named Porsche Lynn has appeared in more than 170 adult films and has been inducted into the Adult Video News (AVN) Hall of Fame. According to the adult movie database Hotmovies.com, there are more than 200 adult films listing an actress named Mercedes and 168 films including an actress named Chanel. The question is how brand owners can get the porn industry to heed Jenna's timeless advice.

Giving and taking in the porn industry

Adult entertainment is probably the internet's most entrepreneurial and profitable enterprise. Though not mainstream itself, the porn industry has been credited for

developing many of the technologies that are the mainstay of today's e-commerce. Affiliate marketing campaigns, pop-up ads, electronic billing, streaming video and geo-location software are just some of the porn industry's innovations. However, the fact that the adult entertainment industry is responsible for important technology contributions does not mean luxury brand owners should be thrilled when their trade marks are associated with hard-core sex films and used to lure traffic to web sites displaying sexually explicit conduct and products. Luxury and well-known brands represent quality and class. The reputation of the porn industry is just the opposite.

Causes of action under US law

US trade mark law enables brand owners to take action against unauthorised uses of a mark based on trade mark infringement, unfair competition and/or trade mark dilution. Infringement and unfair competition are rooted in consumer protection and the prevention of consumers being confused as to the true source or sponsorship of goods and services. In order to prevail in a case for infringement and/or unfair competition, a brand owner must prove the defendant's use is likely to cause confusion as to the source or sponsorship of the goods. For example, a consumer purchasing a soft drink marked with the brand Coca-Cola has



an expectation the drink meets certain standards. If the soft drink is being passed off as Coca-Cola when in fact it is not, the consumer may be left with a poor impression of the quality of the real product and that will reflect negatively on the trade mark owner. Everyone loses.

On the other hand, trade mark dilution is grounded in property rights. It is designed to protect the fame of a mark (including the time and money spent building that fame) from uses by third parties that weaken the singular association of the mark. Unlike proving likelihood of confusion where there must be some commercial relationship between the defendant and the trade mark owners' businesses, dilution protects the brand owner from the use of its famous mark on non-competitive products.

Dilution occurs in two forms: (1) blurring, which is the gradual whittling away of the singular association of the famous mark resulting from a proliferation of third-party uses on unrelated products, and (2) tarnishment, which is a use that negatively affects the favourable reputation of the famous brand owner.

The purchaser of an adult film featuring an actress named Chanel probably does not think it is a product put out by the luxury cosmetics company. However, the legal theory of dilution is that use of the Chanel brand in connection with a non-traditional

“Many of the larger adult companies understand the value and power of their brands and enforce rights and protect their own marks.”

“Luxury and well-known brands represent quality and class. The reputation of the porn industry is just the opposite.”

and often unsavoury business such as adult entertainment tarnishes the high quality reputation associated with Chanel and thus impairs the value of that famous brand.

Tools of the trade to identify misuses

To protect marks from being used in connection with adult-orientated content, it is very important for the brand owner to design and implement a systematic enforcement program. Trade mark enforcement starts with watching the marketplace and the best place way to do that is by monitoring newly registered domain names that include the famous brand. Vendors such as CheckMark Network, CTCorsearch, MarkMonitor, Name Protect and Thomson & Thomson all provide such a service, which typically consists of a weekly report that lists the newly registered domain name, the Whois contact information and a thumbnail picture of the content of the website to which the domain name resolves.

Another valuable resource is Namedroppers.com. This website allows users to search brands that appear in .com, .net, .org and .edu domain names. The search results contain Whois data and a link to the website. The results of a search on Namedroppers.com are not as complete as those provided by a reputable vendor, but they are free and often a good starting point if the brand owner is embarking on an enforcement programme for the first time.

The Adult Video News web site at AVN.com and the AdultVideoEmpire.com website are good sites to search to determine if a well-known or luxury brand is also the name of a porn star. If you find the names of the films and need to contact the producers, the best way to do so is to obtain a copy of the producer's compliance statement (producers of adult films must submit a compliance statement verifying that all actors in the film are over 18 years old, and this must be held by a named custodian). Obtaining the true identity of the actual porn star (as opposed to the movie studio) often requires the services of a private investigator.

Enforcement strategy

The author's experience is that very few cases pitting trade marks against the adult entertainment industry go to trial and that a properly written cease-and-desist letter, often with some follow-up correspondence, leads to the desired result. In many instances, neither the brand owner nor the pornographer wants publicity and sometimes the game simply is not worth the candle for the movie producer. In such cases a typical settlement might be one where after some initial phase-out period the movie producer agrees to remove the brand name from the packaging and content of the film and to send instructions to its online distributors to de-list the brand from its database of actors, actresses and film titles.

Enforcing luxury and other well-known brands against strippers and escorts can be more challenging. Typically, they operate under pseudonyms and can be difficult to locate. Even when they can be found, they tend to be naïve with respect to legal issues and do not always understand the basis for the brand owner's objection. They may have invested money in registering a domain name and building a website or claim they have a clientele that recognises them by their stage name. These cases require the brand owner to be patient and recognise that the stripper or escort likely meant the brand owner no harm. Offering to make some type of nominal contribution to assist the stripper or escort with changing his or her name (and website) goes a long way to obtaining cooperation and avoiding messy and expensive litigation.

The secret to a happy ending

When enforcing trade mark rights against the porn industry, it is important to remember that adult entertainment is a business just like any other. In fact, many of the larger adult companies understand the value and power of their brands and enforce rights and protect their own marks. As technology innovators, they also are keenly aware of other IP protections such as patents and copyrights. Accordingly, the adult entertainment industry should be treated with respect. Luxury brand owners should not lose sight of their relatively narrow interest to end the connection between the luxury brand and adult entertainment. The bottom line is that a brand owner really shouldn't care what goes on in the adult entertainment industry as long as its name is not associated with it.

Eric Fingerhut is a partner of Howrey in Washington DC.

Trade mark warning in East Timor

In East Timor, despite the recent social unrest and chaotic situation, business is running as usual.

As the opportunity to register trade marks already exists, quite a few counterfeiters are preparing to file applications for trade mark registration, especially for well-known trade marks taking advantage of the first-to-file principle.

Since the practice of trade mark registration is very new, we are afraid that examiners with limited knowledge, who do not know which trade marks ought not to be registered, will accept every application regardless of well-known trade marks that are supposed to be protected.

Moreover, unbelievably, the registration procedure provides for no publication, no opposition and hardly any examination.

The examiners simply stress the first-to-file principle.

The fact that East Timor is not a densely populated country does not prevent owners of famous brands from registering their trade marks there, as they do not like fake products to be freely and legally produced in the territory, which may destroy the reputation of their worldwide well-known brands.

However, since the new cabinet has recently been established, the activity of filing trade mark applications has been temporarily stopped until the situation is completely back to normal. Hopefully this will happen very shortly.

*By Obed Mintaraga
Partner, Acemark.*

How to show trade mark use at OHIM

Whether in opposition or cancellation proceedings, demonstrating trade mark use means weighing up the different elements of that use. In the first of two articles, Franck Soutoul and Jean-Philippe Bresson review what Community Regulations and OHIM practice reveal about the formal requirements for evidence.

Indications required in evidence

Evidence is only able to demonstrate use of a trade mark if it cumulatively contains indications as to the place, time, extent and nature of the use.

The place of use is identified through the country, region or city name. These location references prevail over the language used in the evidence. The European Court of First Instance denied the use of the Hiwatt trade mark in the light of a catalogue written in English but containing no information on the availability of the products in the European market (decision of 12th December 2002).

The time of use is shown by the dates or periods mentioned in the documents of use. In the context of an opposition proceeding, the relevant period of use is the five years preceding the publication of the Community trade mark application or of the International Registration covering the Community. In the context of a cancellation request based on earlier rights, the relevant period is the five years preceding the date of the application for invalidity. OHIM does not require continuous use during any of these five-year periods. It is only necessary to show use of the mark before the expiry of the five-year period.

The nature of use consists in showing that the sign was used as a trade mark and not as a sign of a different nature such as a company name, trade name or sign board.

The extent of use first refers to the volume or amount of sales generated by the products



and/or services provided under the mark. Second, it involves the countries where the mark concerned is used; this will be examined in the next issue of the **MARQUES** Newsletter.

No Community provisions require the evidence of use provided in the language of the proceeding when it is originally submitted to OHIM to be translated into another language. Only the examiner handling the proceeding decides whether or not a translation is required in light of the nature of the evidence. Invoices with a basic configuration or packaging samples need no translation to be understood by the other side, but written statements or newspaper advertisements may do. OHIM may also only ask for a translation of the most relevant passages.

Types of evidence

Community provisions deal with evidence of use but do not specify what can constitute evidence. But the presentation of various types of evidence has led OHIM to make

specific requirements. As no evidence is self-sufficient (except catalogues meeting specific criteria), it is recommended that applicants provide OHIM with a mass of different evidence to give sufficient proof.

Advertisements specifically require a consistent level of literature to be likely to establish trade mark use. For OHIM, advertisements are the privileged means for promoting the mark so they are supposed to be the easiest way to show its use. Examiners generally view inconsistent documents as showing non-serious use unless other documents further support the use.

Earlier national administrative or court decisions come into the balance if they are submitted together with copies of all the evidence involved in the national proceeding. Providing the decision only will lead the examiner to disregard it and point out the national differences or particularities compared to the specific conditions of the OHIM rules.

“Evidence only shows use of a trade mark if it cumulatively contains indications as to the place, time, extent and nature of the use.”

Website extracts only show trade mark use if they contain elements showing that (1) the website has been visited, (2) orders have been made for products and/or services offered under the mark during the relevant period and (3) online payments effectively took place in relation to these products and/or services.

Declarations from a party have very limited (if no) probative value. They need to be strengthened with additional evidence. The First Board of Appeal held that a declaration is unable to prove in itself the extent of use of the mark in the absence either of (1) any invoice supporting the sales figures stated in it (1st July 2005, *Ascot v Royal Ascot Racing Club*) or (2) a disclosure of a list of customers corroborating the quantities of products sold during the relevant period (17th January 2006, *Avalon v Avalora*).

Declarations originating from an independent source such as customers, trade partners, experts or professional organisations have a higher probative value. Once combined with some further materials, they may successfully show use of the mark.

The Opposition Division upheld on 18th December 2000 that a catalogue title does

not itself demonstrate use of the mark for the products displayed in it: the mark must be shown as affixed on the products depicted (*Kaleidoscope v Le Kaleidoscope*). The First Board of Appeal further ruled on 7th September 2005 (*Country v Country Garden*) that catalogues are a sufficient evidence of use if (1) they indicate that all the products/services displayed are for sale, (2) they mention and bear the products and services, (3) that a retail sale price is set out for each product and service and (4) they list the places where the products and services are distributed or available.

Samples of products, packaging, price lists, invoices, market share studies and supply forms for the raw materials used in the products are also capable of demonstrating use of the mark.

Form and content

To conclude, evidence only demonstrates use of a mark if it cumulatively has all the relevant indications and satisfies the proper requirements. These formal aspects must be considered with requirements on content, which we will examine in the second part of this article.

*Franck Soutoul (Partner) and Jean-Philippe Bresson (Trade Mark Attorney) work in INLEX Conseil in Paris. The second part of this article will appear in the next **MARQUES** Newsletter.*

Read the CTM Regulations here:
<http://oami.europa.eu/en/mark/aspects/reg.htm>

OHIM's Guidelines are here:
<http://oami.europa.eu/en/mark/marquel/direc.htm>

“Except for catalogues, no evidence is self-sufficient: it is recommended to provide OHIM with a mass of different evidence, fulfilling requirements proper to their nature, in order to reach a sufficient level of consistent clues.”

Georgian Law on Border Measures amended

In July 2006, the Georgian Parliament enacted amendments to the Law on Border Measures Relating to Intellectual Property.

These amendments provide for the establishment of a Trade Mark Register to be kept by the Customs Department of Georgia. Trade marks may be registered with the Customs Department for two years and a registration may be renewed for periods of two years as long as the trade mark registration is valid in Georgia.

In order to have their trade marks introduced in the Register, brand owners should file applications with the Customs Department. An application must contain the following information: name and address of the trademark owner; and particulars of the goods bearing the trade mark. The application must be supplemented with an extract from the Trade Mark Register, certifying the validity of the trade mark registration in Georgia, and a power of attorney issued to the representative filing the application. It is also recommended that applicants provide the Customs Department with samples of goods bearing the trade mark, as well as information on probable infringers and counterfeit goods, which may assist with the authentication of goods.

Imported/exported goods bearing the trade mark included in the Register of the Customs Department, or a similar trade mark, are subject to control by the Customs. If there are grounds to suppose that an infringement of the trade mark owner's rights is imminent, customs clearance of such goods is suspended either for a period of 10 days, or for six days if they are perishable goods. The trade mark owner is notified of the probable infringements as well as the importer/exporter of the goods. The trade mark owner or his representative inspects the detained goods and takes a decision either to release the goods or to conduct negotiations with the importer/exporter. If the agreement is not reached, then the trade mark owner must bring a suit against the infringer before the Tbilisi Civil Court within 10 days.

If the suspension of goods is to be continued as of the date on which the trade mark owner inspects the goods, he must submit a bond to cover possible damages caused to the owner of the detained goods by the suspension and to cover expenses incurred by the Customs Department.

*By Antonina Pakharenko-Anderson of Pakharenko & Partners in Ukraine, a member of the **MARQUES** Counterfeiting and Parallel Imports Team.*

The value of fame

Andrea Rush reviews two decisions from Canada's Supreme Court that set out the protection available for famous trade marks in the country.

Famous brands, known by their trade marks, logos and trade names, are among a company's most valued assets. A famous mark may be known well beyond its regular product line or services in non-competing fields of activity. The metes and bounds which define a zone of protection are critical to valuing a brand, but often difficult to forecast.

The challenges in assessing and establishing the extent of protection are apparent from two recent landmark decisions from the Supreme Court of Canada involving famous marks: *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, that revolved around the renowned Veuve Clicquot fine champagne brand, and *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, over the name of the popular doll Barbie. The decisions are consistent with the Federal Court, Trial Division's decision in *Reno Imports Ltd v Jaguar Cars Ltd* (2006) 47 CPR (4th) 1, finding infringement of the famous mark Jaguar.

The two Supreme Court decisions arose in the context of expungement and opposition proceedings respectively. The famous mark owners did not prevail in either case. By contrast, the owner of the Jaguar trade mark, as it pertained to cars, had prevailed against the owner of the Jaguar name for purses (although no damages were awarded) following a lengthy trial on infringement and expungement.

To establish harm, the owner of any trade mark – famous or otherwise – must establish the factors set out in the Canadian Trade-marks Act pertaining to likelihood of confusion (Subsection 6(5)) and depreciation of goodwill (Subsection 22(1)). By determining that fame is no substitute for proving harm, the Supreme Court decisions have enhanced our understanding of:

- the nature and purpose of trade mark law, as holding the balance between free competition and fair competition by signifying origin and quality;
- what is required to prove "fame"; and
- how to assess the value of goodwill associated with a mark.

As such, the decisions are welcomed by trade mark specialists, advisers on corporate valuation of brands and, naturally, brand owners and licensors.

Analysis of the cases

No challenge to the fame of the marks was raised in any of the cases. Instead, the issue in each relates to the degree to which the fame of a mark transcends the wares or services with which it is typically associated, such that the relevant public are likely to confuse the wares or services of the respective parties, in accordance with the factors set out in Subsection 6(5) of the Trade-marks Act. A fundamental premise is that a famous or well-known trade mark is not provided absolute protection per se.

Where depreciation of goodwill was also alleged, it was incumbent on the famous mark owner to prove that its mark was linked erroneously to the wares or services of its competitor, in accordance with the factors set out in Section 22. Here again,

“The burden of proving likelihood of confusion remains on the brand owner, irrespective of the fame attaching to a trade mark.”



fame does not shift the burden of proof. Likelihood of depreciation must be proved and will not be presumed.

The Veuve Clicquot case

In *Veuve Clicquot Ponsardin*, the appellant owned the famous trade mark Veuve Clicquot. It sought to stop a group of six womenswear shops in Quebec and eastern Ontario from using the almost-identical trade name, Cliquot, and marks Cliquot and Cliquot "Un monde à part", and to have these trade marks expunged from the Canadian Trade-marks Register.

The appellant claimed that consumers would be likely to be confused to the point of thinking that the women's clothing and the champagne originate from the same source. The Supreme Court said that luxury champagne and mid-priced women's wear are as different as "chalk and cheese". Taking into account all the factors set out in Section 6 of the Trade-marks Act (which are not exhaustive), little if any risk of confusion was found. Nor did the use by the respondent of the registered trade marks reduce the value of the goodwill attaching to the famous Veuve Clicquot mark. The evidence of likelihood of confusion was found to be speculative. This result was upheld at all levels.

The decision is instructive from an evidentiary standpoint. Confirmation is provided that fame has always been one of the factors to be considered within Section 6 of the Trade-marks Act. The enumerated factors are not exhaustive. Lack of actual confusion, although not critical, was taken into account and an adverse inference drawn by the Court. It may well be that a court is more likely to find in favour of co-existence where fame is asserted without actual confusion because the essence of fame is notoriety.

Clarification about what must be proved under Section 22 is provided: (1) the plaintiff's registered mark (identical, or close so as to be linked to it) was used by the defendant in "connection" with wares or services; (2) the mark has goodwill, in the sense that it is sufficiently well known; (3) there was "linkage" in use such as to have effected goodwill; and (4) the likely effect would be damaging to the goodwill associated with the registered mark. The respective marks need not be confusing. However, there must be a link, connection or mental association in the mind of the somewhat hurried consumer between the famous mark and the mark complained of for depreciation to occur.

The *Barbie* case

In *Mattel, Inc v 3894207 Canada Inc* the zone of protection for Barbie, the doll which is the "iconic figure of pop culture" was too narrow to prevent registration of Barbie's (stylised) for restaurant services.

Mattel was unable to prevent a small chain of Montreal area restaurants from registering Barbie's as a design mark in association with restaurant services, take-out services, catering and banquet services, despite its registrations not just for Barbie dolls but for covered pizza and other food products. The registration particulars on the Canadian Intellectual Property Office (CIPO) database show that a declaration of use was filed in support of each registration, asserting use of Barbie for pizza since at least 5th February 1998. One might have thought that these registrations, as supported by evidence of use, would have sufficed to prevent registration of Barbie's for medium-priced bar-and-grill type operations with meals including pizza. Yet no likelihood of confusion was established by Mattel during the opposition proceedings. The courts extend deference to the expertise of the Opposition Board on findings of fact.

The *Barbie* case affirms that, in principle, the wares or services marketed in association with the famous mark need not even be of the same general class as the wares and services of the competitor or other adversary for confusion to be likely to occur. However, it all depends on the circumstances. Mattel, even armed with a mark that is famous in some respects, actual use and a registration of goods (pizza) which overlap with the services complained of, failed in its oppositions to registration of

the Barbie's design, essentially the identical mark for restaurant services. As a matter of fact, the Opposition Board concluded that the nature of the opponent's wares and the applicant's services were "quite different", since Mattel's target market is primarily children whereas the applicant primarily targeted adults. The Opposition Board rejected the submission that there was a connection between Mattel's food and food-related products and the applicant's restaurant services. The appellate court rejected survey evidence that at best proves a possibility of confusion which falls short of the threshold of a reasonable likelihood of confusion.

The case is significant because it highlights the importance which evidence of actual use and, by contrast, absence of evidence of actual confusion, play in trade mark matters.

Strategies for brand owners

There are no factual precedents in trade mark law because the degree of similarity or dissimilarity between two trade marks varies considerably. Still, some analysis of the precedents remains possible. What may be grouped as a trilogy of cases – *Barbie*, *Cliquot* and *Jaguar* – provides an evidentiary instruction manual on who must prove what when clearing, enforcing and protecting famous marks. The decisions end the debate over whether the purpose of trade marks is to function as a symbol of the source or quality of the wares and services: Mr Justice Binnie declared both purposes to be valid in the Supreme Court, and evidence which serves both roles should assist in framing a cause of action.

The burden of proving likelihood of confusion remains on the brand owner, irrespective of the fame attaching to a trade mark. The value of fame is primarily as an enhancement of the zone of protection, as a corollary to market penetration. Fencing the zone of protection depends on proven perceptions of linkage (such as actual confusion or lack thereof, surveys and norms of convergence).

Fame brings both benefits and burdens under Canadian law, but no exceptions to the rules of evidence. The decisions continue the balanced approach adopted by the Supreme Court when scoping out IP monopolies.

These decisions counsel proactive protection for all trade marks, especially famous marks. Ironically, a mark that is famous requires extra protection because linkage to goods and services beyond actual use may be presumed. "Use it or lose it", the watchwords of trade mark enforcement, coupled with "watch out", are reminders that vigilance in the trade mark field, for famous – indeed all – marks should remain a high priority to preserve the most valuable of corporate assets.

Andrea Rush is a Partner in Heenan Blaikie's Intellectual Property and Technology Practice Groups in Canada.

Read the Supreme Court decisions online:
<http://scc.lexum.umontreal.ca/en/index.html>

Relevant provisions of the Trade-marks Act

- 6 (5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
- (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
 - (b) the length of time the trade-marks or trade-names have been in use;
 - (c) the nature of the wares, services or business;
 - (d) the nature of the trade; and
 - (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.
- 22 (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Domain name challenged

Paulo Barreto and Miguel Quintans examine a case that highlighted the clash between trade marks and domain names in Portugal.

A domain name is the identifying element of an internet domain that identifies the entity that is at the other end of that domain. The interested party uses the domain name to address that entity. In other words, the domain name is the name used to identify an internet site where a given website can be accessed.

A trade mark, on the other hand, consists of a sign or a set of signs that may be graphically represented – namely words, including personal names; drawings; letters; numbers; sounds; and the shape of a product or the corresponding package, provided they are suitable to distinguish the goods or services of a given entity from those of other entities.

We are therefore faced with two distinct signs that, in spite of their differences, present some complementary and some conflicting points.

Domain names have absolute novelty

One of the features of domain names, which is responsible for juridical conflicts, is the principle of exclusivity or absolute novelty, a

“One of the features of domain names, which is responsible for juridical conflicts, is the principle of exclusivity or absolute novelty.”

logical requirement of the uniqueness of domain names.

Domain names and trade marks, in spite of the many points in which they coincide, have an unsolvable principle. Trade marks have relative novelty, that is, it is possible for several identical trade marks, belonging to different owners (provided they designate unrelated goods/services among which there is no likelihood of confusion) to co-exist. But domain names must have absolute novelty: it is not possible for two identical domain names to co-exist. In other words, one trade mark can have different owners, with the inherent exceptions contained in such a principle, but one domain name can have only one owner.

Conflicts can therefore easily derive from the fact that the owner of a registered trade mark or trade name is not allowed to use these signs in the virtual world (in order to designate its site) as a result of a prior domain name application made by the owner of an identical trade mark.

The first-come, first-served principle fully applies. In fact, the principle is more like first-come, only-served since all the remaining interested parties are prevented from using the same domain name.

Even though this seems, at first sight, unfair, the reasoning is based on the principles of fairness and legal security: whenever there are several interested parties having mutually conflicting interests, the right should be attributed to the first one meeting the registration requirements.

Decision awaited

In relation to other types of conflicts, namely those that may arise from the confrontation between trade marks (or trade names) and domain names, we are awaiting a court decision in relation to the legal dispute that opposes a Portuguese association called Viniportugal, the instructing party, to a Portuguese individual who has registered under his name the domain name viniportugal.com

This legal dispute is based on the infringement of the exclusive rights of the trade name of Viniportugal that is devoted to the promotion of Portuguese wines by the Portuguese individual who, using the website viniportugal.com, sells wines.

In this legal dispute, the individual started by disputing the competence of the Portuguese courts to appreciate and render a decision in relation to this point and questioned the distinctive features of the trade name Viniportugal.

In both cases the court has considered the reasons given by the individual to be unfounded. One court session has already taken place and we are awaiting a decision that will be one of the first in Portugal focusing on this point and should indicate paths to be followed and clarify some remaining doubts.

Paulo Barreto and Miguel Quintans are members of [Gastão da Cunha Ferreira, Lda in Lisbon](#).



SEASONS GREETINGS

Please note that the MARQUES office will be closed from 17.00 hrs on Friday 22nd December and will not re-open until 09.00 hrs on Tuesday 2nd January, 2007.

Meet the **MARQUES** IAM Team

THE **MARQUES** IAM Team was set up last year to help **MARQUES** members to raise the profile and awareness of brands as valuable business assets within organisations (not just as 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.



Jern Ern Chuah

Jern Ern Chuah is the CEO and leading IP Consultant at Advanz Fidelis Sdn Bhd, an IP specialist corporation in Malaysia. A registered patent, trade mark and industrial design agent of Malaysia, Jern holds a LL B (Hons) degree with first class honours in the area of Trade Finance and Security Law; and he is also an advocate and solicitor of the High Court of Malaya (non-practising) and a barrister-at-laws (Lincoln's Inn) of England. Jern is a regular presenter of papers and publications on IP at local and international conferences, seminars and symposiums, and his articles on IP have been published in various specialist IP magazines and journals. The local press and organisations regularly seek his thought leadership on IP issues.



Mark Cordy

Mark Cordy is Global Account Manager for CPA Limited, based in London, UK. With over 40,000 customers globally, CPA is the largest provider of IP services in the world. Mark has a Bachelor of Science degree, with honours, in biology from the University of Western Ontario, in London, Canada, and a Masters in Business Administration from the Sauder School of Business, Vancouver, Canada. Before entering the IP field, Mark worked in the healthcare and IT sectors, primarily dealing with patient data management and large hospital information systems. Mark has been a speaker at several IP industry conferences in Europe and Asia focusing on leveraging IP in a corporate environment, and using technology to assist in the proactive management of IP portfolios.



Maria Falk

Maria Falk has more than 16 years legal experience gained in the Swedish court system and in international business. For the last 14 years she has been working with intellectual property and her current job is with Tetra Pak where she works as Corporate Trademark Manager. Before joining Tetra Pak Maria worked as IP attorney at Awapatent, a large Swedish trade mark and patent firm. She graduated in law (LL M) in 1990. In 2000 she participated in the European Young Lawyer's Programme in London. Maria joined the **MARQUES** Council in 2004.



Ben Goodger

Ben is an Executive of Rouse & Co International and Global Head of its IP Commercialisation Group. He recently returned from two years in Shanghai where he managed the firm's China business and Asia Commercial IP group. He has, for many years, given strategic advice to companies on the most effective and lucrative ways of managing their IP. Before joining Rouse & Co International/Willoughby & Partners in 1997, he worked for Denton Wilde Sapte, and had been a partner of the Oxford law firm, Dallas Brett. He is a past President of the Licensing Executives Society of Great Britain and Ireland, former Secretary of the Thames Valley Branch of the Society for Computers and Law and a member of the IP Committee of the China Britain Business Council and the Editorial Advisory Board of the international publication, *Global IP Asset Management Report*.



Rudolf Haugg

Rudolf has been Legal Counsel with Bacardi & Company Ltd since 2004. He manages the trade mark portfolio for a variety of the companies' branded products. His professional background involves several years of mainly trade mark-related work in industry as well as in the private sector. Rudolf obtained his law degree in 1994 from the Ludwig-Maximilian-Universitat in Munich, specialising in IP law, legal theory and the philosophy of law.



Robert MacDonald

Robert MacDonald has more than 20 years experience in all areas of Canadian trade mark practice, including prosecution, licensing, oppositions and litigation in the Federal Court of Canada. He has served on the National Executive Committee of Gowlings for the past eight years. He is Managing Director of Gowlings' Moscow office. Mr MacDonald is a lecturer at the Advanced Practical Trademarks Course offered by the McGill Centre for Continuing Education and the Intellectual Property Institute of Canada (IPIC). He received his law degree from the University of Ottawa and was called to the Bar in Ontario in 1983. He serves on the Law Society of Upper Canada's Committee for the Certification of Specialists in Intellectual Property and is certified as a specialist in trade marks.



Dieuwerke van der Schalk

Dieuwerke van der Schalk has been a trade mark attorney with Sara Lee/DE NV since 2000, where she is responsible for the shoe care, tea, bakery and artificial sweetener trade mark portfolio worldwide. Dieuwerke studied law at the University of Amsterdam with an additional year at the University of Kent (Canterbury, UK) and she is a qualified Benelux and European trade mark attorney. Dieuwerke joined the **MARQUES** Council in 2004 and has been a member of the IAM team since its formation in 2005.



Ralph Thomas

Ralph Thomas graduated in law in 1995 and is a registered Benelux and European trade mark attorney. At the moment he is employed at DSM, a company of Dutch origin, active worldwide in life science products, performance materials and industrial chemicals. He joined the IAM Team in 2004.



Boudewijn van Vondelen

Boudewijn van Vondelen started his career in an international name creation company in Amsterdam in 1995, where he worked in the legal department. After finishing his law studies at university, he worked for six years with Knijff & Partners, where he became a partner in the firm. He is a frequent lecturer and author on trade marks and is a co-author of a standard work about (trade mark) leasing. As a sworn trade mark broker, he has always been interested in the value of brands. In 2001 Boudewijn started his own trade mark agency, taking on the challenge of entrepreneurship. This experience was very useful when NautaDutilh took over his activities and he became head of their first and fully integrated trade mark prosecution department.

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 January 2007.**

Country Correspondents

BENELUX

Bas Kist, Shieldmark kist@shieldmark.nl

BULGARIA

Ivan Ivanov, IP Consulting Ltd. ivanivanov@ipbulgaria.com

CANADA

Andrea Rush, Heenan Blaikie Arush@heenan.ca

CHINA

Loke Khoon Tan, Baker & McKenzie Lokekhoon.Tan@Bakernet.com

FRANCE

Franck Soutoul, INLEX Conseil fsoutoul@inlex.com

GERMANY

Thomas Raab, Taylor Wessing t.raab@taylorwessing.com

GREECE

Vali Sakellariades, Sakellaries Law Offices vsakella@otenet.gr

INDIA

Manisha Singh, Lex Orbis manisha@lexorbis.com

MALAYSIA

Karen Abraham, Shearn Delamore & Co. Karen@shearndelamore.com

MEXICO

Carlos de la Sierra, Calderon & de la Sierra cpdelasierra@calderoniplaw.com.mx

If you would like to join the list of country correspondents, please email editor@marques.org

OHIM

Joanna Gray, Linklaters Joanna.gray@linklaters.com

PORTUGAL

Isabel Moniz Pereira, Gastão de Cunha Ferreira Isabel.Pereira@gastao.com

ROMANIA

Andrew Ratza, Ratza & Ratza avr@ratza-ratza.com

RUSSIA

Oxana Pishvanova, Gowlings oxana.pishvanova@gowlings.com

SOUTH AFRICA

Andre van der Merwe, DM Kisch Andrev@dmkisch.com

SPAIN

Miguel Angel Medina, Elzaburu mam@elzaburu.es

SWEDEN

Christina Berggren, MAQS Christina.Berggren@se.maqs.com

SWITZERLAND

Markus Frick, Walder Wyss & Partners mfrick@elzaburu.es

TURKEY

Ozge Ay, Yamaner & Yamaner ozgeay@yamaner.av.tr

UNITED STATES

Janet Satterthwaite, Venable jfsatterthwaite@venable.com

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