

## MARQUES conference focuses on brands and young people

The rules, regulations and ethics concerning marketing and advertising brands to children and young people were the theme of this year's annual conference, which also featured updates from European and international officials, as well as discussion on various current trade mark topics. James Nurton of *Managing IP* magazine reports.

Brand owners are more aware than ever before of the challenges and responsibilities of marketing products that are aimed at, or likely to be attractive to, children. At this year's **MARQUES** annual conference, which attracted some 600 practitioners from all over the world, trade mark counsel from companies active in industries such as confectionery and apparel, as well as marketing specialists and lawyers, discussed how approaches to branding have changed in response to greater awareness of young people's needs and concerns. Other speakers considered how to tackle counterfeiting among the young, and highlighted new initiatives in advertising and marketing to appeal to young people. There was a clear consensus among the speakers that, while the challenges are serious, self-regulation is likely to be preferable to legislation in facing up to them.

Among the speakers from industry who discussed their experiences was **Mark Hodgkin** of Cadbury Schweppes, who explained how confectionery companies have responded to concerns about obesity and healthy living with new products, new sizes, educational information on packaging and



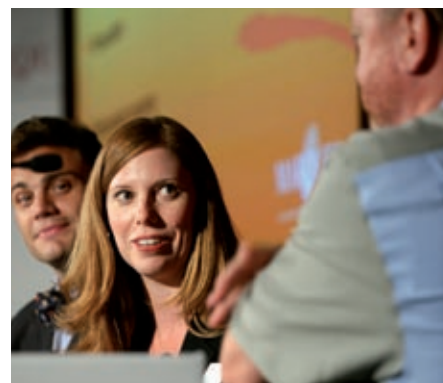
Fidelma Macken, Supreme Court of Ireland

campaigns for responsible consumption. Hodgkin pointed to the cross-industry Be Treatwise campaign in the UK, which he described as "a joined-up approach to responsible messaging" and used TV commercials to illustrate how the advertising of chocolate has changed over the past 20 years: for example, it is now promoted as a treat rather than an everyday food, and much of the advertising is aimed at adults rather than children. Despite the changes, he stressed, there is still a place for careful advertising and sensitive marketing: "What we don't want is to end up selling sweets in brown paper bags."

From the perspective of a different industry, **Anouk von Meyenfeldt** of Tommy Hilfiger Europe added that clothing companies emphasise being cool but have to be aware of young people's concerns about beauty, obesity and sexuality. Hilfiger brochures, for example, are aimed at adults and typically show children outside, enjoying an active lifestyle.

Rules about what can and cannot be advertised vary greatly across the EU. **Tobias Cohen Jehoram** of De Brauw Blackstone Westbroek illustrated a number of advertisements that had been banned – generally because they featured sexual or dangerous themes – in at least some European countries. But, he stressed, views about what is allowed diverge widely in the EU: some adverts might be allowed in one market but not in another – though bans can be difficult to enforce in the borderless world of satellite TV and the internet.

Tobias emphasised the importance of self-regulation, pointing to companies such as Unilever, Burger King and KFC that have



Ken Taylor quizzes Rick McMurtrey and Erin Hennessey

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developed ethical advertising codes. "The next step should be harmonisation of norms at an industry level," he added. **Cidália Almedia** of Portuguese fruit drinks company Compal, which owns brands including Um Bongo in Portugal, echoed the importance of self-regulation and education: "Prohibitive legislation is definitely not the solution." She added that, owing to the internet, brand owners have to be aware of laws regulating advertising, privacy and competitions in many different countries.

**Manuela Botelho**, of the Portuguese Association of Advertisers, said that self-regulation has to evolve with the times. She stressed that advertisers do not need to be defensive – "We have a good story to tell" – and said that they can respond to critics. For example, she pointed out that Portugal was going to adopt the Media Smart campaign in October. This initiative aims to help young people to be aware of media and advertising, and to be "media literate", and has already been effective in a number of European countries.

### Characters and media

It is not just products and their packaging that have to be policed, said Hodgin. Concerns about promoting products to children extend to brand extensions and the use of licensed characters. For example, Cadbury has reduced the prominence of its fun character Bertie Bassett on its Liquorice Allsorts product.

Some of the issues arising from the use of characters and merchandising were discussed further in an entertaining session featuring **Rick McMurtrey** of Turner Broadcasting System and **Erin Hennessey** of Time Warner, who played the role of trade mark attorneys advising their client (the creator of a new cartoon series based on cat characters known as the Wee Tot Family, played by **Ken Taylor** of Marksmen).

As well as discussing the normal challenges – and the costs – of trade mark and domain name searching and clearance, Rick and Erin also highlighted the risks to the brand from abuse. For example, the initials of the character – WTF – would have different associations in young people's slang, and use of the characters on the internet would require strict enforcement: they estimated that enforcement concerns are multiplied by 10 when it comes to children's products and characters. From his own experience of policing abuse of the Scooby Doo character, said McMurtrey: "There is not much that Scooby doesn't do when it comes to online pornography."

### The marketing issues

Opening the conference, **Shane Smyth** of F R Kelly & Co presented the results of a



Professor Judith Lynn Zaichowski

survey of young people in numerous European countries, which provided a snapshot of their attitudes towards brands, and how they differed in each jurisdiction. From this survey, and from the presentations that followed, it was clear that, while there are many challenges that have to be considered when marketing products aimed at young people, there are also opportunities. **Paul Idden**, of Kernel IHB, stressed that for many children today, brands are a vital part of their identity and sense of belonging, and often provide reassurance at an age when many people feel troubled and threatened: "Young people want to be loved, funny and part of a gang ... Brands are totems for them."

Professor **Judith Lynn Zaichowski** of Simon Fraser University echoed Idden's comments about the teenage years, and the importance of brands in helping kids communicate, describing brands as a "social language". She also provided some statistics on the extent of young people's influence on spending, including that they influence an estimated \$700 billion a year of spending in the US.

**Jerre Swann** of Kilpatrick Stockton examined how evidence about consumer psychology, and in particular how consumers react to brands, has been considered in US courts, and discussed disputes over the Cabbage Patch Kids toys and adidas sports shoes where evidence had been produced to show damage to the brand from infringing activity. Swann stressed the importance of taking an "interdisciplinary approach" to addressing these issues.



Anouk von Meyenfeldt, Mark Hodgin, Tobias Cohen Jehoram and Claire Mounteney

### Young people and infringement

It is perhaps one of the downsides of young people's affection for and attachment to brands that they are also likely to be exposed to counterfeit goods. A panel of speakers from Asia discussed how and why young people either produce or buy copyright and trade mark-infringing goods, even in countries such as Japan where they are generally law-abiding. **Robert De Vido**, a film producer and director with One Man Band Productions, argued that rights owners need to invest more in education to tackle this problem.

**Scott Warren** of Kroll, who has many years of experience in anti-piracy, including for products that are aimed at young people, described how it is possible to turn a market for pirated works into a market for genuine products – and looked at Hong Kong as an example. He also provided many practical tips for brand owners, including: build the trade mark into the product if possible; carry out audits of your manufacturer; know your market; and work with competitors. **Andy Leck** of Baker & McKenzie in Singapore discussed legal remedies where there is infringement by young people, including finding liability of schools and universities, or parents. But he also warned that litigation may be "a PR disaster" and feed resentment about brand owners and the law.

### Legal updates

While young people were the primary focus of the conference, there was also time for annual updates on the latest developments at WIPO, the ECJ and OHIM, delivered by **Ernesto Rubio**, **José Graça Aranha** and **Grégoire Bisson** of WIPO and **Vincent O'Reilly** of OHIM. Some details about recent developments at these organizations are summarised on page 12. **MARQUES** conference attendees were also privileged to hear a unique perspective on the ECJ from former judge, now a member of the Supreme Court of Ireland, **Fidelma Macken**. She spoke about how the ECJ works, discussed some of the trade mark cases she was involved in and answered questions about the jurisprudence of the Court.





*Guests enjoy the reception at Taylor's port factory*



*An afternoon boat trip is one of the excursion options in a beautiful and sunny Porto*



*Entertainers provide Portuguese and international entertainment with belly-dancing, fire-eating, snakes and traditional costumes and music, with MARQUES attendees invited to get involved.*



*Guests enjoy a dinner at the old Customs House.*



## WORKSHOPS

In addition to the full conference programme, there were no less than seven workshop sessions at this year's conference, covering a wide range of topical issues, many of which touched on the general theme: brands and the European directive on nutritional and health claims; comic characters – can they be trade marks?; nurturing and managing your IP – are you being a good parent?; design rights – no longer the ugly duckling of IP?; training and education of in-house counsel; the enforcement directive; and abuse of trade marks by third parties.



# UK changes examination practice

David Stone and Lisa Ritchie, of Howrey LLP, London explain how applicants will be affected by the changes to examination practice and, opposite, the UK-IPO gives its own view of the reforms.

The United Kingdom Intellectual Property Office (UK-IPO) has historically had the power to refuse trade mark applications on both absolute and relative grounds. With effect from 1st October 2007, this is no longer the case: the UK-IPO will continue to *examine* applications on both grounds, but it will no longer *refuse* applications on relative grounds. Applications can still be refused on absolute grounds. This brings the UK more into line with OHIM and many continental European jurisdictions.

The change in practice has been some time in the making; but some of the intricacies on how it will work are less well known.

## The new regime

For each trade mark application, the UK-IPO will still search prior rights: UK registrations, CTMs and IRs designating the UK or CTM. If an earlier conflicting right is identified by the UK-IPO during examination, the applicant will be notified and given the opportunity to withdraw the application or amend the specification to avoid the conflict. It will no longer be possible to request a hearing or file evidence of honest concurrent use to overcome an earlier conflicting right.

If the application is not withdrawn or the specification is not restricted, the application will be published for opposition purposes. On publication, only some of the earlier rights holders will be notified of the application. Holders of prior UK applications/registrations and IRs designating the UK will be notified of the application, but holders of earlier CTMs or IRs designating the CTM will not be notified unless they have opted in to the notification system for a fee. The opt-in fee is £50 per CTM to be paid every three years.

Holders of UK registrations will be notified by post. Holders of CTMs who have paid the fee will be notified by email. Where a CTM owner has opted-in, that will be visible on the UK-IPO website.

The opposition procedures will remain largely the same. After publication, third parties will have three months to file a Notice of Opposition. This period is not extendable.

## Transitional provisions

Before the new regime began on 1st October 2007, the UK-IPO suspended the examination of applications that were refused on relative grounds. These applications will proceed to publication after 1st October 2007 and the earlier UK rights holders (and CTM holders who have opted-in) will be notified.

## What, if anything, should I do?

- Trade mark professionals should expect delays in the publication of UK trade mark applications, an autumnal bumper crop of publications and an increased level of opposition proceedings.
- For holders of prior UK registrations, the new regime is not dissimilar to OHIM's notifications. The system will function as an adjunct to, but should not replace, an appropriate watch service.
- For holders of prior CTMs, unless the opt-in fee is paid, the CTM holder will not be notified. While the cost of opting in is not high per mark, the costs across a portfolio, every three years, could be significant. Many owners may prefer to review their watch service and apply extra resources there.

## Comment

It is a source of some regret that the UK-IPO has chosen to adopt a system that OHIM will soon be phasing out. While the notification service may be of value to UK small businesses (a category heavily targeted by the UK-IPO over the past few years), larger trade mark owners are unlikely to pay great attention to the flurry of paperwork.

The changes also leave in place the defence to trade mark infringement provided by a registered UK trade mark (but not a CTM). Any rationale for this defence has now been removed and it should be abolished.

UK practitioners may also need to adjust the way they conduct clearance. In the past, the co-existence of marks for identical goods on the Register suggested that the UK-IPO did not consider there to be a likelihood of confusion. That assumption can no longer be made. We may well see an



David Stone



Lisa Ritchie

increase in the continental European practice of seeking co-existence agreements.

The sooner all trade mark offices (and practitioners!) move to email-based or web-enabled communication, the better: monitoring one email inbox has to be easier than keeping track of faxes, post and email.

**STOP PRESS:** Having abolished substantive relative grounds examination, the UK-IPO has opened a consultation on fast-track trade mark applications, whereby, for an additional fee, marks would be published for opposition purposes 10 days after filing. Any **MARQUES** members who wish to share their views should send them to [info@marques.org](mailto:info@marques.org)

## Links

The IP Office: [www.ipo.gov.uk/tm.htm](http://www.ipo.gov.uk/tm.htm)

Rules and forms on relative grounds: [www.ipo.gov.uk/t-law-notice-relativegrounds](http://www.ipo.gov.uk/t-law-notice-relativegrounds)

# Multilingual .es domain names now available

From 2nd October 2007 it is possible to register .es (the Spanish country-code top-level domain extension) domain names that contain certain letters of the Spanish alphabet that have not been able to be used up to now, namely accents and the letter Ñ, found only in Spanish, as well as the letter Ç (which also exists in other languages such as French and Portuguese and will be of particular interest to companies from those countries too). This means that it will be possible to register domain names such as señorío.es, atrápalo.es and garçon.es

A preferential period has just started running from 2nd to 30th October and it is reserved for the owners of domain names that lend themselves to being changed into multilingual domain names under the rules of logic laid down in the order.

Accordingly, the holder of the seniorio.es domain name could also register señorío.es, the holder of atrapalo.es could register atrápalo.es, and the holder of garcon.es or garson.es could register garçon.es

After the reserved period, these domain names will be opened up to registration by the general public. Registration of a domain name, even if it is intended solely for defensive purposes, is much simpler and more economical than being forced to fight cybersquatting by a pirate using ADR proceedings.

*By Miguel Angel Medina, Elzaburu, Spain*

## Links

Dot-es registry: [www.nic.es/](http://www.nic.es/)

Dot-es Whois searches:

[www.esreg.com/whois.php](http://www.esreg.com/whois.php)



Miguel Angel Medina

# Examination changes – the UK-IPO view

With effect from 1st October 2007 the UK Intellectual Property Office (UK-IPO), has made changes to the trade mark examination procedures.

Since that date a new trade mark application will no longer be refused because of an earlier conflicting trade mark, unless the owner of the earlier mark successfully opposes the new application.

If the applicant decides to continue with the application, the **owners** of any earlier conflicting marks identified in the search will be notified, if they have **opted in** to receive notifications, when the application proceeds to publication in the Trade Marks Journal.

To OPT IN to receive such notifications, EU earlier rights holders can complete form TM6 which is available to be completed electronically on our website. The fee to receive notifications will be £50 per mark and this will be for a period of three years from the date the form is submitted. Payment must also be made electronically when completing the form.

*Contributed by Mark Jefferiss, UK IP Office*

# MARQUES news: Amicus Curiae Team created

**The Council of MARQUES, during its Porto meeting in September 2007, resolved to create an Amicus Curiae Team.**

*Amicus curiae* briefs have a long-standing tradition in the United States and have proven to be a valuable tool for professional organisations, such as **MARQUES**, to put forward to the Courts and to law-makers in general their views on important points of law that may be at stake in certain proceedings and that concern the general interests of the trade mark community.

*Amicus curiae* briefs are also used in some European countries and **MARQUES** expects and intends that their role before the European Courts will substantially increase in the coming years.

**MARQUES** views these expected developments as an excellent opportunity for trade mark owners, whose general interest it represents. The newly created team will therefore administer **MARQUES**'s submission of *amicus curiae* briefs before the European Courts either alone or in cooperation with other professional organisations.

The Amicus Curiae Team is formed of **Shane Smyth**, **Hans-F Czekay** and **Martin Viefhues** and chaired by **Carles Prat**. The Rules and Procedures for the functioning of the team will be examined and approved by the **MARQUES** Council during the 2008 Council meetings.

# Why France's courts have ruled against Google's Adwords

Google's Adwords program has suffered at the hands of the French courts. Franck Soutoul and Jean-Philippe Bresson of INLEX IP EXPERTISE consider the recent decisions and what they reveal about the law on internet advertising and trade mark rights.

As in many countries, the famous search engine Google offers in France its paying advertising tool named Adwords which enables anyone to purchase a word that, once selected in a Google search, displays a link to the advertiser link on the results page. Situations of possible trade mark conflict have consequently arisen for the owners of registered trade marks when a key word that is identical or similar to their marks has been sold and consequently used in the Adwords system by a non-authorized third party.

In order to rule on the situation involved, French judges have qualified the activity of Google when operating in the Adwords system to decide what basis would be eligible to favourably base an action.

## The denied qualification

Defining Google's activity concerning its Adwords offering was important especially to consider whether the specific French law relating to trust in the digital economy can apply. The relevant legal provision provides:

Persons or entities which provide, even on a purely free basis, services of communication to the public online, the storage of signals, writings, images, sounds or messages of any nature provided by recipients of these services cannot be held responsible because of the activities or the information stored at the request of a recipient of these services if they did not have knowledge of their illicit nature or facts and circumstances revealing this character or if, as of the moment when they were informed of it, they acted promptly to withdraw these to make the access impossible.

In consequence, if Google fell within the scope of this law, it could not be found liable, or only in certain restricted conditions.

Nevertheless, the courts chose not to consider that Google could be seen as a technical storage provider in its activity of advertising distribution as it has an active role in the use and choice of the keywords by the subscribers. Instead, the courts condemned Google on various grounds.

## The legal basis

The consequence is that Google's responsibility can be determined as it did not control the legality of the keywords chosen in its Adwords program. As a result of the French court cases, Google's liability has been recognised based on different but often cumulative grounds.

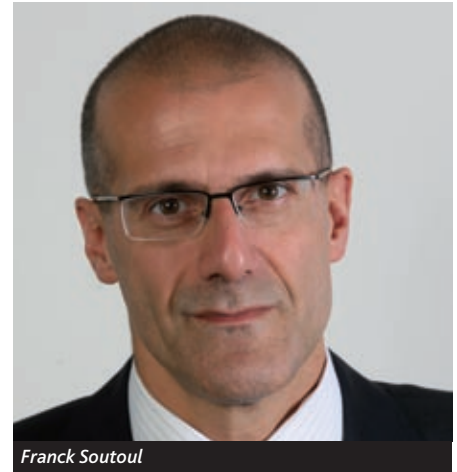
**Trade mark counterfeiting:** Most decisions found that there were counterfeiting acts resulting from the reproduction and use of registered trade marks in the computer tool. This ground was not obvious to admit as Google's internet users do not necessarily see the keywords but the requests including them give access to the advertising link.

In a Court of Appeal decision dated 28th June 2006 involving Louis Vuitton, the Court even ruled that the counterfeiting resulted from the display of the plaintiff's marks on the computer user screen for identical and highly similar products.

**Civil responsibility:** Some French courts decided that Google was responsible for not having checked and elaborated a system to ensure that the offer to purchase keywords did not infringe third parties' rights. This second ground was used as an alternative to the trade mark counterfeiting claim. For instance, on 12th July 2006, a Court of First Instance rejected the trade mark counterfeiting argument finding that Google was not itself using the marks for particular products or services and only admitted civil responsibility.

**Unfair competition:** This third basis was retained in addition to either trade mark counterfeiting or civil responsibility by considering that the purchasing of keywords was not made by chance but only served the purpose of attracting to competitor's web sites consumers who were looking for the authentic trade mark.

**Misleading advertising:** Google was lastly condemned on the basis of the French Consumer Code in respect of the commercial links indication generated by a Google search, which appear to the right of the results,



Franck Soutoul



Jean-Philippe Bresson

which was regarded as leading to the false belief that the trade mark owner and advertisers are economically linked. Consequently, any internet user would expect authentic products when clicking on the commercial links even though they are not.

Even though these decisions are, in our view, legally justified as regards Google's activity not as a search engine but as an advertising-selling company, it is still surprising that Google remains the main undertaking that has been sued for this advertising activity, which is also practised by its competitors. In any case the French approach should be seen as part of the global tendency to look for more responsibility from registrars and internet service providers.



# Dot Asia Sunrise a multiple success

Nick Wood, managing director of registrar Com Laude and a Board Member of **MARQUES**, reviews the launch of the latest top-level domain name – Dot Asia.

Dot-Asia arrived in October when the first of three phases of its Sunrise scheme for IP owners launched. By the end of October when this first phase closed, it appears to have attracted between 15,000 and 20,000 applications. Can this be called a success? Should **MARQUES** members welcome .asia or treat it as a domain too far, a Sunrise that failed to warm the imaginations of IP owners?

With the second "General" stage of the .asia Sunrise running from 13th November 2007 to 15th January 2008 (when owners of trade marks applied for on or before 6th December 2006 can apply), it is probably too early to pass judgement if the only criteria for success is the volume of applications. After all, now that the requirement to demonstrate use has gone, it may be that two or three times the number will be applied for. However, there are several other aspects of the .asia Sunrise that IP owners should be grateful for.

First, there was the sensible decision of Dot Asia Organisation (DAO) to abandon that unseemly scramble to be first past the post in favour of a more equitable application system. Every application that arrives during each phase of the .asia Sunrise is treated as having arrived at the same time. There is no need to place key names in the queues of several registrars and to sit hunched over a keyboard waiting to see whether you have won your name through a fluke of internet connectivity.

Second, there is the auction methodology that .asia will be employing to decide who will get a name if there are two or more competing applicants. Online auctions for this purpose are new and so may appear controversial but they are undeniably better than first past the post. If a .asia domain is really valuable to you, then you have an equitable chance of winning it (see chart). Perhaps the English Auction model selected (with auctions continuing until one highest bidder is left) favours the richer, larger trade mark owners; perhaps auctions will force trade mark owners to pay far more than they have previously paid for a name sourced from a registry; perhaps the requirement of Pool.com, the agent to which Dot Asia has outsourced the auction process, that winning bidders must complete the purchase within 10 days,

is going to be very arduous. However, the software looks good – it is possible in advance to set a reserve bid and a final bid and to adjust the amount of the increments that you wish to pay – and you can view the details and challenge the eligibility of other bidders in advance, thus stopping an auction.

As only 6% of the 346,000 domains applied for under the .eu Sunrise were duplicated, it may be that there will be less than 2,000 auctions. We don't know whether DAO will publish the prices that names are sold for – Pool.com usually does – but it will be interesting to see the average highest bid. This may be a lot lower than expected, probably within the range of \$2,500 to \$5,000.

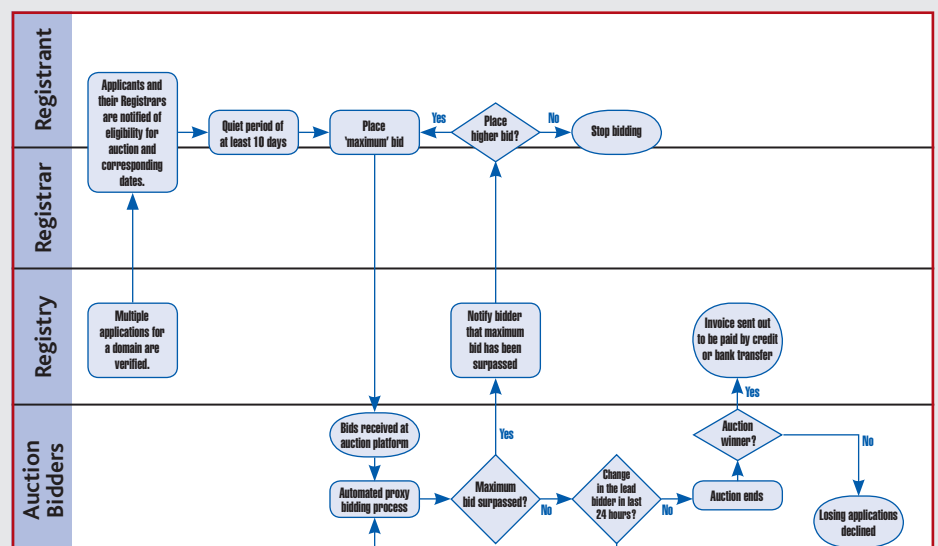
A third reason why we like the .asia Sunrise is the flexibility that has been included in the rules. If an application contains a simple administrative mistake (such as a simple mis-spelling or the transposition of numbers in a date), the Verification Agents checking all submitted data can correct it under the Amendment process at no additional cost. If the Verification Agent can see where a mistake has been made, he or she can either amend the application or request the correct information.

Enhancing this, there is a Reconsideration process. If an application is rejected, the applicant may request a Reconsideration within seven days for \$100. This will be undertaken by the Verification Agent on the basis of both the original information and

new documentation. Only one Reconsideration per application is allowed though losing a Reconsideration does not prevent you from asserting your rights through the UDRP against other applicants.

A fourth reason why IP owners should be grateful to DAO is for its creative thinking. Bart Lieben, the trade mark attorney who is leading the Verification Process on behalf of Deloitte, persuaded DAO to implement two innovative measures. First, there is the .asia Sunrise Extended Protection Phase, for qualified applicants who would like the trade mark and relevant words in the classification. For example, ABCD Chemicals with a registration in Class 1 could apply for ABCDChemicals.asia or ChemicalsABCD.asia. This runs from 13th November 2007 to 15th January 2008. Second there is Pre-Validation, where the Deloitte Verification Team will review the data on which an application is to be based, indicating to the applicant or its registrar what needs to be done to make it correct and eligible. This should protect IP owners from unforeseen errors, and several thousand applications have already been pre-validated.

With ICANN embarking upon a process that will see a further round of new gTLD franchises being awarded in the third quarter of 2008, IP owners could find themselves facing 100 or more Sunrise schemes from 2009 onwards. In this context, the attempts of DAO and Deloitte to try new measures to make the Sunrise application process simpler and fairer are to be applauded.



The Dot Asia Auction Process, to be administered by Pool.com and used during the Sunrise and Landrush phases.  
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# Perfume ruling good news for brand owners in US

Christopher Lick and Andrew Pequignot of Kilpatrick Stockton LLP examine a recent decision that addressed whether the sale of diverted luxury fragrance products violates the Lanham Trademark Act when a quality control and authentication device has been removed.



Christopher Lick



Andrew Pequignot

On 14th June 2007, a US federal court issued a landmark decision providing powerful ammunition for brand owners in their fight against counterfeit and diverted goods. Specifically, the court in *Zino Davidoff SA v CVS Corp*, No 06-CV-15332, 2007 WL 1933932 (SDNY 14th June 2007) held that the sale of fragrance products without the factory-applied serial number code used to identify counterfeit products and rectify potential quality issues violated the protections of the Lanham Act.

## Davidoff sues CVS

Zino Davidoff SA, the well-known purveyor of high quality luxury goods, owns trade mark and trade dress rights in a full line of fragrance products. DAVIDOFF COOL WATER fragrance is its top seller. Zino Davidoff SA filed suit and sought a preliminary injunction against the drugstore

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“Trade marked goods that are not manufactured and distributed under the owner’s quality control standards are not considered genuine and their sale violates the Lanham Act.”

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chain CVS after discovering CVS was selling both counterfeit and decoded DAVIDOFF COOL WATER fragrances. (Decoded products are products from which the factory-applied serial number codes have been removed or obliterated.) CVS did not contest the injunction with respect to the counterfeit fragrances found in its stores and warehouses. CVS asserted, however, that any decoded DAVIDOFF COOL WATER products in its inventory were “genuine”, the missing production code was of no interest to consumers and Zino Davidoff SA’s use of the production code was pretextual.

Under US law, trade marked goods that are not manufactured and distributed under the trade mark owner’s quality control standards are not considered genuine and their sale violates the Lanham Act. By the same token, grey market goods – meaning goods legitimately sold outside the US under a particular trade mark but then imported into the US without the US trade mark owner’s authorisation – violate the Lanham Act when they are materially different from the product authorized for sale in the US. A difference in quality control can be a material difference for this purpose. Yet no reported US case had held that the removal of an authentication device used for anticounterfeiting purposes, without more, violates the Lanham Act.

## District court decision

In its decision, the district court held that decoded DAVIDOFF COOL WATER fragrance products, even in the absence of physical damage to the products’ packaging, were not genuine and were materially different from the product authorised for sale in the US. In so holding, the court found Zino Davidoff SA’s uses of its serial number code to be a substantial, legitimate and non-pretextual quality control procedure because it both enables Zino Davidoff SA to rectify any quality issues that may arise and to keep the marketplace free of counterfeits. The court specifically held: “Whether as an extension of the law or simply as an application of existing law to a novel set of facts, the Court finds that Davidoff’s anti-counterfeiting system is a species of quality control protected by the Lanham Act.” The court also emphasised that “to establish a Lanham Act violation, a plaintiff need not demonstrate that there are *actual* quality differences between the authorised goods and the grey-market goods; it is *the right* to control quality, rather than the quality itself that is protected under this test”.

CVS has appealed the district court decision to the Court of Appeals for the Second Circuit, which is expected to decide the case in early to mid 2008.

*Kilpatrick Stockton LLP is representing Zino Davidoff SA in this matter.*

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“A plaintiff need not demonstrate that there are actual quality differences between the authorised goods and the grey-market goods.”

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# Famous mark fees published in Mexico

The provision in Mexico's IP law providing protection for well-known and famous trade marks became effective in September. Carlos Pérez De La Sierra and Vianney A Gutiérrez Muñoz of Calderón y De La Sierra y Cia explain the difference between well-known and famous marks and advise on obtaining protection.

On 16th June 2005 the Industrial Property Law in Mexico was amended to introduce a new chapter covering well-known and famous trade marks. However, the government fee schedule to apply for this chapter was enacted and became effective only on 13th September 2007, when publication took place in the Official Diary in México.

The objective of the amendments is to fully protect well-known or famous trade marks by means of a declaration issued by the Mexican Trade Mark Office, once the noted applicable requirements have been complied with. The value of these declarations will be carefully analysed on a case-by-case basis, particularly since it has been possible to invoke well-known/famous status for trade marks before, and to effectively enforce that status, on grounds of existing provisions dealing with these types of marks, without a declaration. Furthermore, there is nothing in the Law to suggest that enforcement on grounds of the noted existing provisions could no longer be possible, namely that the now-available declaration would be needed to enforce a well-known or famous trade mark in México.

## Well-known versus famous marks

The first element to note from the amendments is that the Law now distinguishes between well-known and famous marks, to differentiate the extent to which the mark is known in Mexico.

A trade mark is considered to be well-known in Mexico when it is known by a specific sector of the public or in an established commercial circle in the country, as a consequence of commercial activities conducted in Mexico or abroad, by an entity using the given mark in connection with its goods or services or as a consequence of promotion or advertising. A well-known trade mark could thus be considered to be known, albeit widely, by the relevant sector in which the noted mark is used or advertised. Under the particular definition, use of the mark in México is not mandatory for a declaration of

well-known status to be considered and issued.

A trade mark is considered to be famous in Mexico when it is known by the majority of consumers. A fair interpretation of the statute would suggest that the mark will be deemed famous when it is widely known by the general public, regardless of whether or not the mark is being used in Mexico, and regardless of whether they are actual consumers of the particular goods or services.

## How to obtain declarations

Obtaining the declarations does not appear to involve an extremely complex process, although it is time-consuming and expensive. A rough estimate of the total costs associated with obtaining either of these declarations could be set at US\$20,000 to \$30,000. A similar amount should be budgeted every five years, if the declaration is to be renewed.

Enforcing a well-known or famous trade mark in México does not necessarily require a declaration under the new chapter. It has been possible to invoke appropriate existing provisions included in the Industrial Property Law to effectively enforce a well-known or famous trade mark in Mexico, and there is nothing in the provisions of the new chapter introduced to suggest that a declaration will now be mandatory to enforce these marks. Under the circumstances, it would appear sensible to evaluate whether the resources to be spent in obtaining a declaration are better spent in the actual enforcement of the mark, when needed, especially considering that evidence used in support of these types of declaration could easily be challenged during trial. Moreover, and to be on the safe side, it would be highly recommended to offer appropriate evidence to demonstrate notoriety or well-known status, even if a declaration has already been obtained.

Under applicable provisions contained in the Industrial Property Law, a famous trade mark is to be protected in connection with all classes of goods and services, regardless of



Carlos Pérez De La Sierra



Vianney A Gutiérrez Muñoz

the particular class in which the mark is registered or used. One of the advantages of a declaration should be the assurance of the Mexican Trade Mark Office in that it would effectively bar all applications from non-authorised entities for the famous mark, regardless of the goods or services intended to be protected by the application. Unfortunately, no such assurance results from the amendments nor is there any practical process with the Mexican Trade Mark Office by which to accomplish this.

## Declarative effect only

A correct interpretation of the new provisions would conclude that these declarations have a mere declarative effect (as opposed to affirm and establish a right) that, in the event of litigation, would require the declaration to be confirmed by appropriate evidence. Furthermore, it is the declarative effect of the declaration that precludes the Mexican Trade Mark Office from enforcing them against applications for the same mark, when applied for to cover different goods or services by third parties, since the obligation to affirm a declaration lies on its owner. A different assessment would have resulted if instead of declarations, the introduced text would have called for registrations, as these would have had granted a right to its holder. In short, the essence of the declaration, while it does not constitute a right that the Mexican Trade Mark Office would be forced to respect and recognise as such, has mere declarative effects that ultimately means there is a presumption that only the holder can confirm.

# Cadbury's uphill colour battle

Battles over the use of the colour and word mark for purple have raged in Australia and New Zealand. Below, Annette Freeman of Spruson & Ferguson reviews the most recent litigation over the colour in Australia. Opposite, Barbara Sullivan of Henry Hughes & Co describes a dispute over the word PURPLE in New Zealand.

Since 1995, it has been possible to specifically register colours as trade marks in Australia. In the landmark *Philmac* case in 2002, the Federal Court of Australia approved registration of the colour "terracotta" for pipe fittings. Registration has been granted to a wide variety of single colour trade marks including orange for labels on champagne and sparkling wines (Veuve Clicquot), silver for cream cheese (Kraft Foods), yellow for photographic goods (Kodak Australasia) and blue for porcelain and chinaware (Wedgwood).

Following litigation with competitor Woolworths Limited that went all the way to the High Court, BP recently lost its case to register the single colour green in association with its service stations. In the meantime, the ongoing dispute between Cadbury Schweppes Pty Ltd (Cadbury) and Australian confectionery trader Darrell Lea Chocolate Shops Pty Ltd (Darrell Lea) over the exclusive right to trade mark the colour purple continues.

## The colour purple

In 2006 Cadbury took action in the Federal Court against Darrell Lea under the Trade Practices Act 1974 and common law passing off on the basis of Darrell Lea's use of a particular shade of purple on its confectionery packaging, labelling and point

of sale materials. Cadbury claimed a substantial, exclusive and valuable reputation in this particular shade of purple as applied to its own confectionery products.

The Court found that Australian consumers were generally aware of Cadbury's use of the colour purple in relation to its chocolate products and as a corporate colour. However, Cadbury's use of the colour purple was always "inextricably associated" with the name "Cadbury". The evidence failed to establish that the colour purple, in isolation, distinguished Cadbury's products from its competitors. Purple was also used by other producers for their confectionery, such as Nestlé on its Violet Crumble wrappers. As a result Cadbury did not have an exclusive reputation in the colour purple. Consequently, Darrell Lea was entitled to use purple, or any other colour, as long as it did not convey to the reasonable consumer the idea that it or its products had some connection with Cadbury.

## Cadbury's trade mark application

Although unsuccessful in the Federal Court, Cadbury had been exploring other means of obtaining exclusive rights over the colour purple through trade mark registration. In November 1998 it filed a trade mark application for a particular shade of purple for the packaging of chocolate.

Cadbury was at first unsuccessful, as the Registrar considered that other confectionery traders would have a legitimate need to use the colour purple, as it was associated with luxury and richness. Despite extensive use of purple in marketing its chocolate blocks, the evidence did not support Cadbury's contention that the purple packaging functioned as a trade mark.

Not to be deterred, Cadbury filed further evidence of its use of the colour purple as a trade mark for its confectionery goods and in September 2003 the application was



Annette Freeman

accepted. Darrell Lea opposed the application, and argued that the colour purple is "generic" because manufacturers of chocolate traditionally use this colour to indicate richness. However, the Registrar in this case took the view that, although the colour purple is used frequently, it is not a customary colour in the trade like mint green or cherry red. The colour purple could therefore qualify for registration provided the evidence was persuasive.

In a decision at odds with the Federal Court judgment, the Registrar was satisfied that consumers purchasing chocolate would recognize the colour purple as indicating Cadbury's block milk chocolate and boxed chocolates independently of any other trade marks on the packaging. Consequently, as long as Cadbury amended its application to limit it to these particular goods, the application could proceed to registration.

## Back to the Federal Court

In the latest decision in this ongoing dispute, the Full Court of the Federal Court allowed Cadbury's appeal in relation to expert evidence held to be inadmissible in the original hearing. The Full Court took the view that if Cadbury's expert evidence had been admitted at trial a different outcome might have resulted, and the matter was remitted back to the trial judge for reconsideration.

The Cadbury/Darrell Lea saga establishes once again that traders intent on capturing exclusive rights over the use of single colours in relation to their products, in the face of competitive interests, are in for an uphill battle.

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“Consumers purchasing chocolate would recognise the colour purple as indicating Cadbury's block milk chocolate and boxed chocolates independently of any other trade marks on the packaging.”

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# Registration of PURPLE refused in New Zealand

In a significant decision (*Cadbury Limited v Effem Foods Limited*), the New Zealand Court of Appeal has confirmed that there is a separate requirement for distinctiveness – even though a trade mark may not be descriptive of the specified goods – and clarified the scope of the test for determining distinctiveness. It has also held that a negative restriction relating to a characteristic of goods (as opposed to a category of goods) will usually be too uncertain to be allowable.



Barbara Sullivan

## The PURPLE registration

Cadbury applied to register the word PURPLE for a wide variety of confectionery and bakery goods, with the qualification “none of the foregoing goods being purple coloured”. The word had not been used as a trade mark prior to the application date. Thus registrability depended on PURPLE possessing a degree of inherent distinctiveness, so as to be “inherently adapted to distinguish” and “inherently capable of distinguishing” Cadbury’s goods from those of other traders.

The application was opposed by Effem, a company in the Mars Group. To support its opposition Effem provided evidence of use of purple colours for goods and packaging for the types of products included in Cadbury’s specification. The Commissioner of Trade Marks rejected Effem’s opposition.

Effem appealed to the High Court. McKenzie J held that the test of distinctiveness set out in *W & G du Cros Ltd’s Applications* (1913) did not require that possible legitimate use by other traders of PURPLE in relation to non-purple goods only should be considered “and would be quite unworkable in this

case”. The judge gave the example of “purple ice cream” in an advertisement:

There would be nothing inherent in that phrase to indicate whether that was the proprietor’s ice cream, with purple being used as a trade mark, or another trader’s ice cream with purple being used as a descriptive word.

The judge assumed that PURPLE was not descriptive of Cadbury’s goods, but held that the word was not inherently adapted to distinguish, and not capable of distinguishing, Cadbury’s goods. (Cadbury accepted that the exclusion of purple-coloured goods included goods in purple packaging.)

## Upheld on appeal

The Court of Appeal rejected Cadbury’s appeal from that decision. The Court found that PURPLE did have a direct reference to the character or quality of goods in the specification, because people’s perceptions of colour differ (is purple apt to describe shades such as lilac, lavender, mauve or violet?) and because it was not clear how much purple needed to be on goods before they can be described as “purple”.

The Court agreed with McKenzie J that there is a separate requirement of distinctiveness

“The judge assumed that PURPLE was not descriptive of Cadbury’s goods, but held that the word was not inherently adapted to distinguish, and not capable of distinguishing, Cadbury’s goods.”

“The Court approved a proposed policy guideline by the IP Office, which would refuse to allow qualifications to specifications by excluding goods or services according to whether or not they possess a particular characteristic.”

– even if the trade mark is not descriptive of the specified goods or services – because defining goods that are to be distinguishable by reference to a characteristic which does not alter their inherent nature does not achieve distinctiveness.

The Court approved a proposed policy guideline by the Intellectual Property Office of New Zealand, which would refuse to allow qualifications to specifications by excluding goods or services according to whether or not they possess a particular characteristic. In doing so, the Court followed the *Postkantoor* decision of the European Court of Justice and that in *Croom’s Trade Mark Application*, where it was stated that “to the extent that they stand for the proposition that an exclusion based on the particular characteristics of goods or services covered by any registration, as against types of goods or services, will, in most cases, be too uncertain as to scope to be allowable”.

## Links

New Zealand IP Office: [www.iponz.govt.nz](http://www.iponz.govt.nz)

# Iranian courts crack down on hijackers

Iranian courts continue to hit hard against trade mark infringements in Iran. [REDACTED] of [REDACTED] describes how famous marks from overseas, including the US, have been enforced in the courts.

The hijacking of well-known and/or popular trade marks has risen considerably in Iran in recent years. However, a strong law cemented by a proactive approach from the courts in recognising and protecting international trade marks has given the country a unique standing in the international community. It is particularly noteworthy that protection is extended regardless of Iran's political and economic differences with other nations.

For example, in an increasing number of cases, several trade marks emerging from the US have been successfully defended against hijacking attempts by certain local Iranian companies and/or individuals in recent years. One latest example is the popular computer modem brand US Robotics. The court recognized the trade mark's protection rights in Iran by virtue of the USA's membership of the Paris Convention (of which Iran is also a member). While the issue of the use of a foreign disputed trade mark in Iran has been applied rather inconsistently, the rule for the protection of trade marks that are well known and/or are emerging from Paris Convention countries has been applied with a great deal of consistency.

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**“A strong law cemented by a proactive approach from the courts in recognising and protecting international trade marks has given Iran a unique standing in the international community.”**

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**“The rule for the protection of trade marks that are well known and/or are emerging from Paris Convention countries has been applied with a great deal of consistency.”**

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It appears that the same rule is also finding roots against domain name hijacking in Iran where .ir (Iran's country code) domains containing well-known foreign trade names and trade marks are registered by local Iranian individuals or companies. In a recent decision Porsche, the famous sports car maker, won the right to the [www.porsche.ir](http://www.porsche.ir) domain name against an Iranian individual who had registered the domain in his own name. Although the case was largely won on procedural grounds, the court proved that it has the ability to scrutinize the critical evidence concerning trade mark ownership and the significance of a domain name hijacking and decide the matter in favour of the legitimate owner.

Iran's trade mark law is old, dating back to 1931. But it is a comprehensive law in terms of trade mark protection. Iran's membership of the Paris Convention and the Madrid system has further enhanced the country's standing in the international trade mark community. However, the laws and regulations are certainly in need of updating. The country's parliament is now discussing a new IP regime which, when passed, will radically improve the protection of IP rights in Iran.

## News from WIPO and OHIM

- At the General Assemblies in September-October, WIPO member states approved the repeal of the safeguard clause in the Madrid System. From 1st September 2008, for states bound by both the Madrid Agreement and the Madrid Protocol, only the provisions of the Protocol will apply. Consequently, from that date, international trademark registrations will be governed by the Madrid Protocol *only* in all 74 member countries which are party to the Protocol. The Protocol relaxes certain provisions of the Agreement, to allow adherence by states and intergovernmental organizations whose trade mark registration systems do not match with the provisions of the Agreement, in particular in respect of the fees to be paid by applicants, the choice of working languages and the applicable time-limits.
- Renewals for registered Community designs can be filed online since 1st November. OHIM has published Guidelines on design renewals, which are available here: [oami.europa.eu/en/design/pdf/Draft\\_RCD\\_%20Renewal\\_Guidelines15.10.07.pdf](http://oami.europa.eu/en/design/pdf/Draft_RCD_%20Renewal_Guidelines15.10.07.pdf)
- In September, the European Union acceded to the Geneva Act of the Hague Agreement on industrial designs. The Act will enter into force for the EU on 1st January 2008.





Bernadette Marie Tocjayao

# Effective border control in the Philippines

The Philippines is vulnerable to the import of counterfeits. But, explains Bernadette Marie Tocjayao of VeraLaw, the Bureau of Customs has proven effective in blocking infringing goods in recent years.

“In recent years, the Bureau of Customs has raised the implementation of border control laws to a higher level.”

In the Philippines, the influx of counterfeit goods from neighbouring sources used to be unabated. Cheap branded items from designer apparel to light tools and machinery proliferated in the market until the government launched a drive to combat piracy and counterfeiting that violated the IP Code and related laws.

In recent years, the Bureau of Customs (BOC) has raised the implementation of border control laws to a higher level. The BOC has shown readiness and responsiveness to enforce IP laws and to provide protection to rights owners. The Bureau accounts for over 50% of the estimated value of seized goods in the country.

## CAO 6-2002

These developments were brought about by the Bureau's implementation of administrative guidelines, through Customs Administrative Order (CAO) 6-2002, which are intended to expedite the handling and disposition of goods, the importation of which is prohibited under the IP Code of the Philippines and other laws. In particular, CAO 6-2002 prohibits the import of goods that:

- copy or simulate any mark or trade name registered with the IPO in accordance with the IP Code, without the authorisation or

consent of the registrant or its duly authorised agent;

- copy or simulate any well-known mark as determined by a competent authority, without the authorisation or consent of the owner or its duly authorised agent;
- are judicially determined to be unfairly competing with products bearing marks whether they are registered or not;
- constitute a pirated copy or likeness of any work, whether published or unpublished, for which copyright subsists;
- present themselves as a substantial simulation of any machine, article, product or substance duly patented under the IP Code, without the authorisation or consent of the patentee or its duly authorised agent;
- use a false or misleading description, symbol or label that is likely to cause confusion, mistake, or deception as to the affiliation, connection, or association of the imported goods with another person's goods; or those which misrepresent their nature, characteristics, qualities or geographical origin.

The implementation of CAO 6-2002 has led to a 100% increase in the value of confiscated goods every year the past three years, from Php392,722,480 (\$9 million) in 2005 to Php723,765,810.00 (\$17 million) in 2006. As of August 2007, Php825M (\$29 million) worth of fake goods have already been confiscated by the Bureau of Customs.

These figures illustrate the importance of having your IP rights recorded with the BOC. For one thing, a certificate of recordation with the BOC serves as a continuing

complaint, valid for two years from date of recording and renewable every two years.

## Why customs is effective

On the basis of the recordation, the Bureau will monitor and inspect suspect imports to determine whether they are liable to seizure and forfeiture under the law. The IP owner or its empowered agent will be notified of the suspect import through an alert order. Articles placed under hold or alert orders will be examined by the assigned customs examiner in the presence of the IPR owner or his agent and the consignee or representative within 24 hours of receiving the notice of alert or hold order. If there is a *prima facie* basis to subject the goods to seizure proceedings, a warrant of seizure and detention will issue against the shipment within 24 hours.

With the seizure of goods, the burden shifts to the claimant to prove that its goods are not prohibited importation.

Hence, enforcement of IP rights through border control often yields immediate results that are favourable to the IP owner and is an effective measure to stop the entry of counterfeit products into countries such as the Philippines that depend on imports and are not typically a manufacturing base.

“The implementation of CAO 6-2002 has led to a 100% increase in the value of confiscated goods every year for the past three years.”

# Supreme Court finds for famous mark in Indonesia

A recent decision shows that the Indonesian courts are prepared to enforce internationally famous marks. Gladys Mirandah of patrick mirandah co in Singapore explains.

The Indonesian Supreme Court in its recent decision *PRESTONE v PRESTOP* (Case No 014K/N/HaKI/2007) has given due recognition to an established trade mark used by a foreign entity as a famous mark and found that a local company using a similar mark was infringing its IP rights. This augurs well for Indonesia as it shows that the courts are prepared to honour IP rights of parties including those of foreigners and to give due recognition to famous marks in Indonesia. This will give users of well-known marks confidence that their IP rights will be protected in the Indonesian region.

This result shows Indonesia taking a serious approach towards safeguarding the interests of IP owners, and may suggest that Indonesia is slowly drifting away from the International Priority Watch List, where foreign investors have long earmarked the nation as a haven for piracy activities.

## Prologue

The case in question concerned Prestone Products Corporation, a unit of US multinational Honeywell International Consumer Products Group (the plaintiff) taking PT Teguh Mulia Perdana and Drs Negrat Kwandou (the defendants) to court for trade mark infringement of its well-known brand for brake and hydraulic brake fluids, PRESTONE.

The plaintiff had registered the trade mark PRESTONE as early as in 1988. The mark had been used in Indonesia since 1986 and developed a reputation as a leading brand for this range of products due to the plaintiff's substantial marketing efforts.

It came to the plaintiff's attention that PT Teguh Mulia Perdana, a local company, was similarly marketing and distributing a brand of brake and hydraulic brake oil bearing the mark PRESTOP.

Further investigations revealed that a trade mark application for PRESTOP was filed at the Trade Mark Office by Drs Negrat Kwandou in March 2005.

In addition to the issue of the visual and phonetic similarities between Prestone Corp's PRESTONE mark and the PRESTOP mark, the PRESTOP products initially bore a label, which was substantially similar to the original PRESTONE label.

Interestingly enough, subsequently upon the plaintiff amending the style of the label affixed on its products, the defendants followed suit, which would almost certainly lead to an inference that the defendant intended to copy the plaintiff's trade mark as PRESTONE certainly had a significant reputation in Indonesia as regards the said products. Such an action would be tantamount to an infringement of the rights of the plaintiff as it would mislead and cause confusion among consumers at large.

It was ironic that despite the plaintiff owning a prior registration for the trade mark PRESTONE in 1988, the Indonesian Trade Mark Office had allowed the defendants' trade mark application to proceed towards acceptance, and it was subsequently published in the Official Gazette on 26th July 2007.

## The Commercial Court

Upon the PRESTOP mark being advertised, the plaintiff exercised its rights to oppose the application and filed a claim for trade mark infringement at the Jakarta Commercial Court against the defendants on 10th November 2006.

The plaintiff's claim was based on the grounds that it was the registered and rightful owner of all the trade marks of PRESTONE and PRESTONE labels in Indonesia. It had been extensively using the mark and had spent a considerable amount of money in its effort to promote the brand. As a consequence of this, the mark had become well known in Indonesia, had acquired goodwill and reputation and was thus entitled to protection under Indonesian laws, applying Article 6bis of the Paris Convention and Article 6 Paragraph 2 of the TRIPs Agreement.

The Commercial Court rejected the plaintiff's request to declare that the defendant's mark was



PRESTONE (old label)



PRESTOP (old label)



PRESTONE (new label)



PRESTOP (new label)



infringing its IP rights on the basis that the trade mark PRESTOP had overcome the substantial examination stage at the Trade Mark Office.

This reasoning could be conceived to be jurisprudentially incorrect, as the judges had erred by not reaching their own decision but merely relied on the Trade Mark Office's decision.

### The Supreme Court

In the appeal against the decision of the Commercial Court, the Supreme Court found that the Commercial Court had incorrectly applied the law and wrongly decided on the issue by relying on the findings of the Trade Mark Office. It was envisaged that the Commercial Court should have instead inspected the visual similarities between the PRESTONE and PRESTOP marks in relation to the trade mark infringement suit propounded by the plaintiff and made its own independent findings.

Upon further examining the evidence adduced by the plaintiff, the Supreme Court decided that PRESTOP had similarities corresponding with the colour composition, font, packaging and phonetic attributes of the PRESTONE mark, where the prefix PRESTO was the dominant element for both the marks, coupled with the fact that the products covered by the marks were goods of the same description and marketed through the exact channel of trade.

In its decision, the Supreme Court affirmed the well-known status of the PRESTONE mark. It found that the defendants did infringe the PRESTONE trade mark and they were ordered to stop producing, marketing and distributing the infringing PRESTOP products immediately.



Gladys Mirandah

# Licensing tips in India

**As trade mark licensing becomes more widespread around the world, Manisha Singh of Lex Orbis provides some tips on licensing in India.**

Intellectual property transactions play a key role in an organization's overall IP strategy. Companies are now carefully examining their IP portfolios to maximise their full potential and in this regard the field of licensing has grown beyond the traditional confines leading to sophisticated agreements.

### Licensing of trade marks

Under the Trade Mark Act 1999, the licensing of a trade mark is covered under permitted use. It means use of the registered trade mark by a person other than the registered owner; that person may be registered as a registered user in respect of any or all of the goods or services in respect of which the trade mark is registered. The registration as a registered user needs the registered owner and the proposed registered user to apply jointly in writing to the Registrar of Trade Marks in the prescribed manner.

The Act is silent on the question of an unregistered trade mark but they can be validly licensed lawfully under the common law as registered trade marks under the statute. A registered and an unregistered user of a trade mark are both covered under the ambit of permitted use as defined under Section 2 (1) (r) of the Trade Marks Act 1999.

The main concern of unregistered trade marks is that licensing should be permitted provided that the licensing does not result in confusion or deception among the public; does not destroy the distinctiveness of the mark; and a connection in the course of trade consistent with the definition of trade mark continues to exist between the goods and the owner of the mark. This in other words is called common law licensing.

### Trade mark licence agreement

The licence agreement is supreme and supplements the law of licensing of trade marks. Besides the statutory rights under the Act, the rights, obligations and business relationship of the licensee and the trade mark owner are governed by the agreement entered into between the licensee and the



Manisha Singh

owner. Under the Trade Marks Act 1999, there is no power with the Registrar to interfere in the licence agreement or to impose any conditions, restrictions or limitations. The basic right of the licensee is with respect to the permitted use which means use of a trade mark by a registered user of the trade mark in relation to goods or services with which he is connected in the course of trade. However, registration of a registered user may be varied or cancelled, inter alia, on the ground that the registered user has used the trade mark not in accordance with the agreement or the owner/user has failed to disclose any material facts for such registration or that the stipulation in the agreement regarding the quality of goods is not enforced or that the circumstances have changed since the date of registration. Notice and opportunity of hearing is provided before cancellation of registration.

### Trade marks important

Trade marks are more often licensed in association with patents and technology in the collaboration agreement, but the trade mark component, because of its perpetual nature and ability to dictate quality norms for the licensee, has more implications in the agreement than other elements. The trade mark becomes the chief element of a contract because of the due recognition of the ownership of the mark in the contract. Often the licensee is stopped from registering similar marks to the one that is the object of the contract. The other reason is the control on production under the licensed trade mark to ensure associated quality and standards. The contract can also provide for control on advertising design and ways to exhibit the mark.

Collaborations such as in technology transfer are encouraged in countries that protect industrial property effectively. There is no doubt that the laws exist to provide for effective and better protection of the trade marks in India.

# Write for the MARQUES Newsletter

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

If you would like to submit an article, please contact the editor ([editor@marques.org](mailto:editor@marques.org)) well in advance of the deadline, with details of the subject you propose to cover. You can also contact any of the country correspondents listed below. Everyone is welcome to contribute to the Newsletter, whether or not you are listed as a correspondent. The deadline for the next issue is 15th January 2008.

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