

Conference focuses on the business of brands

Creating, exploiting and managing brands was the theme of September's 22nd **MARQUES** Annual Conference, which was titled "Brands Out of The Box". During a busy three days of presentations, workshops, exhibiting and networking, some 600 attendees enjoyed a wide range of entertaining discussions on topics such as brand strategy for business owners, bridging the gap between marketing and legal, enforcement, brand management and finance issues. There were also presentations on the latest case law on trade marks in Europe, as well as updates from OHIM and WIPO.

The conference was held in the Grand Hotel Huis ter Duin and the Hotels van Oranje in Noordwijk, the Netherlands, and many of the speakers provided insight from local brand owners, such as Philips, Sara Lee, Unilever and the Dutch Football Association.

Pictures from some of the formal sessions as well as the Dutch-themed receptions are featured here. Next year's conference will be in Brighton, England.



① The Gala Dinner, "Holland – Past, Present, Future" was held in the Grand Hotel Huis ter Duin. ② The dinner was followed by entertainment from musicians and performers on stilts, some of them in historic and some in futuristic dress.



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③ Edward Simon, Director General of the Benelux Office for Intellectual Property and ④ Wubbo de Boer, President of OHIM, discussed the role of national offices and the proposed CTM fee reduction in a panel session on the first morning.



⑤ Keynote speaker Bernd Beetz, CEO of Coty, jetted in to the Annual Conference from New York to describe how the growth of brands, many of them personality-led, have quadrupled the company's revenues in the past seven years. In a lively talk, he stressed the importance of choosing and building celebrity brands as well as enforcing them. Answering questions about the risks of using celebrities, he said these have to be managed carefully through maintaining strong relationships with the celebrities.



⑥ The opening reception was held by the beach in Noordwijk, and featured a welcome from the town's mayor.

Association News

MARQUES has written a Position Paper on Proposed Changes to the Locarno Classification System for Industrial Designs. The paper is a response to proposals put forward to the Ad Hoc Working Group of the Special Union for the International Classification of Designs (Locarno Classification) by representatives of contracting parties. In the paper, **MARQUES** agrees with the Ad Hoc Working Group that the Locarno Classification needs to be developed further in order to meet current needs and supports the establishment of a pilot group to work on the development of a search system for designs based on visual search features. The paper also sets out the aspects of classification that are most important to users of the system.

The Position Paper can be read here: <http://www.marques.org/Teams/TeamPage.asp?PageID=99&TeamCode=DesiTeam>

The recently formed Amicus Curiae Team continues to welcome suggestions from other teams and **MARQUES** members. By submitting amicus briefs in significant cases, the Team can help further the work of **MARQUES** teams and brand owners in general. Earlier this year, the **MARQUES** Council approved Policies & Procedures for submitting an amicus curiae brief, and these are now available on the website. Also available is a copy of the first brief submitted by **MARQUES**, in the case *Boehringer Ingelheim KG and Others v Swingward Limited and Dowelhurst Limited* before the Court of Appeal of England and Wales. Team Chair Carles Prat can provide more information.

Read the Policies & Procedures here: <http://www.marques.org/Teams/TeamInfo.asp?TeamCode=AmicTeam>



⑦ In the first part of the opening session on Wednesday, entitled "Brands in the box: the internal environment", Jef Vanderkerckhove, VP Value Extraction Consumer Lifestyle at Philips, talked about the role of trade marks and design rights in the company's open innovation strategy. ⑧ Jean Paul Decossaux, Commercial Director of Koninklijke Nederlands Voetbal Bond (the Dutch football association) described the growth in commercial activity of the association, including increased TV revenues, sponsorship, merchandising and cracking down on ambush marketing. In the same session, Tom Blackett, formerly Deputy Chairman of Interbrand, urged legal and marketing professionals to work together.



⑨ On Wednesday morning, Siân Croxon, a Partner of DLA Piper, chaired a panel on internal business strategies. Pictured are panellists Alec Ratray, a Partner of Circus, Uwe Over, Associate General Counsel with Henkel and Sheila Henderson, Senior Intellectual Property Counsel with Richemont. They discussed effective marketing/legal cooperation, approaches to litigation and working with external brand consultants.



Wanted! IP management case studies

WIPO is seeking case studies to enrich its database of teaching materials and has asked whether **MARQUES** members are able to assist with this.

A case study should be aimed at business managers and others who wish to obtain skills in IP asset management. It should also allow instructors and students to participate in group discussions to explore the ideas and problems presented.

A case study should reveal how business managers have taken decisions concerning the effective creation, protection, leveraging and commercialisation of IP assets, which in turn have contributed to building an sustaining competitive strength and generating value.

In developing and writing a text for a case study, the following requirements need to be borne in mind:

- The case should be based on real events.
- The case should contain sufficient specific information to help to evaluate the outcome of the business decision and consider alternative courses of action.
- The case should concern a business management decision on the intellectual property of a firm and/or its competitor(s).
- The case should contain elements useful to discussions on how business strategy should be formulated and improved by considering aspects of intellectual property, and how intellectual property should be managed to effectively create and extract value from the firm's business.
- The case should include published and secondary sources, for example newspaper and magazine articles, books, survey summaries, websites.

If you feel you are able to contribute or would like to be involved with this, please contact Janice Trebble of Saunders & Dolleymore on janicetrebble@dolleymores.com for more information.

Sex, drugs and chocolate

Kathryn E Szymczyk introduces a review of the international regulation of morality in branding and advertising.

Have you ever wondered how each country polices its advertising and through which bodies? Can you advertise candy products to children in the UK? What does the Chinese Trade Mark Office consider to be an immoral or scandalous mark? Can you advertise alcohol or tobacco products in Serbia?

The answers to these questions and many more are now available to **MARQUES** members only through an International Advertising Law Portal created and maintained by the **MARQUES** Brands & Marketing Team. The Team began the project by calling upon its colleagues to provide the answer to five questions in their respective jurisdictions:

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

The results were very interesting and informative. Not surprisingly, the relevant legislation of most jurisdictions now bans the advertising of tobacco. As for other vices, we have found for example that in Bulgaria, there is no blanket prohibition with respect to alcohol but advertisements cannot create an impression that use of alcohol contributes to social or sexual

success. Advertising to children is heavily circumscribed in many countries. For example, in the UK, there are restrictions on advertising products such as confectionery during TV programmes targeted at children. In Denmark any advertising that may result in the teasing of "have not" children is prohibited while Latvia tries to avoid advertising to children that can result in feelings of inferiority. Policing such advertising is a different story. Many western European countries and North America and Australia have specific bodies which, to varying degrees, monitor advertising. For example, Canada has a voluntary, self-regulatory system that regulates, among other things, advertising to children. In many eastern European countries, on the other hand, a separate body does not exist and policing is ad hoc if present at all.

With respect to the registration of trade marks, the IP offices of most countries in the world prohibit the registration of scandalous and immoral trade marks. The following marks are examples of those that have received objections under relevant legislation: SUE THE BASTARD, HEARTLESS BITCHES INTERNATIONAL, BITE ME (Canada); JESUS CHRIST and CLUB VIAGARA with a particularly graphic design (Denmark); CANNABIA to designate food (France), a trade mark including the word BITCH (Japan) and FOOK (UK).

The answers have been edited by the Team and posted on the **MARQUES** site through the portal on the Team page. Both the edited version and the full responses from the contributors can be viewed through the portal by clicking on the relevant country. The Team has received input from colleagues in almost 40 countries and is in the process of posting all of the responses on the site.

The portal is a work in progress and additional countries are continually being



Kathryn E Szymczyk

added. In addition to answers to the above questions, additional information is being included such as links to the websites of relevant organisations and links to the texts of relevant legislation and regulations. It is the Team's intention to update the information on a regular basis to ensure its accuracy. Of course, the material accessible through the portal is intended to provide an overview of the advertising law and practice of a particular jurisdiction and is not intended to be relied upon as legal advice. For further information and for specific advice we encourage members to contact the country contributor or another local trade mark attorney in that jurisdiction. The Team also invites colleagues from other jurisdictions, not yet included, to contact the principal editors, Cara Boyle (CBoyle@frosszelnick.com) or Kathryn Szymczyk (kszymczyk@blgCanada.com) if they would like to participate in this project.

The Brands and Marketing Team webpage also includes a link to an article by Claire Mounteney, the Chair of the Team, which canvasses how a country's advertising rules and regulations affect a company's brand protection policy.

It is the **MARQUES** Brand and Marketing Team's hope that their efforts will be useful to the membership.

Links

Answers to the Team's questions: <http://www.marques.org/Teams/TeamPage.asp?PageID=79&TeamCode=IPMaTeam>

Article on how advertising rules affect brand protection policy:
<http://www.marques.org/Teams/TeamPage.asp?PageID=79&TeamCode=IPMaTeam>

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Lookalike unfair play? Yes, it is!

The Alliance of Liberals and Democrats for Europe (ALDE) recently organised a half-day seminar on lookalikes. Till Lampel reports.

Lookalikes constitute a global commercial problem. However, it is not only a commercial problem, but also a legal one. Legal problems arise if the company whose successful product is being imitated makes an attempt to take action against the lookalike product. In that case, one will regularly find that lookalikes are designed deliberately in such a way that an infringement of IP rights cannot be demonstrated without some difficulty being involved. In this context, one has to differentiate in a dogmatic sense between an infringement of trade mark rights, design rights, copyright and unfair competition. Another point is that the application of the pertinent provisions differs substantially in the individual EU Member States. Accordingly, the enterprises involved are obliged to observe the differing legal situations in the various European countries, or at least an evidently different enforcement of rights. This, again, complicates the actionability of an enterprise in Europe; in some countries, a successful action against lookalikes will be possible, whereas in others, an identical product will escape prohibition by the courts.

On 10th June 2008, the Alliance of Liberals and Democrats for Europe (ALDE) concerned themselves with these groups of problems in the scope of a half-day seminar. The aim of the seminar was to establish whether there was a need for any further harmonisation measures in Europe, or maybe for just a stronger advancement of the harmonisation as it stands.

ALDE's approach to the subject was based on a 2007 study called Effects of counterfeiting on EU Small and Medium-sized Enterprises, commissioned by DG Enterprise. This study, dated 31st August 2007, reveals that lookalikes (sometimes called parasitic copies) represent the second biggest source of concern for those

enterprises regarding IP rights infringement. The Green Paper on Counterfeiting and Piracy and the Enforcement Directive of Intellectual Property all make references to this problem, although the impression arises that grey areas remain as far as lookalikes are concerned.

The Panel of the seminar run under the heading "Look-alikes: it's unfair play?" was an interesting constellation made up of first-class members. It was moderated and presented by ALDE-MEPs Ms Janelly Fourtou and Mr Toine Manders.

Following the introduction by Toine Manders, Dr Margot Fröhlinger, Director, European Commission (DG Market) contributed the initial presentation. She explained that lookalikes are not counterfeits, as lookalikes are deliberately designed in such a way that attempts are made to utilise loopholes in the laws. Therefore – on a legal basis – "look-alikes are often overlooked". She made it clear that the Commission has recognised, and will be addressing, this problem.

For the British Brands Group, Dawn Franklin made one point particularly clear: the damage that is caused by lookalikes from a commercial perspective.

After some further lectures under the heading "What is at stake?" in the first part of the seminar, and following a short break for coffee, we then dealt with the question "What can be done?". On this point, Michiel Rijdsdijk commented on the legal situation in The Netherlands, where some important cases were pending recently against lookalikes. On behalf of **MARQUES**, in my function as Vice Chair of the Unfair Competition Team, I attempted to explain the legal possibilities that are available for taking action against lookalikes. I pointed out that a successful action often depended on whether the company with the brand



article had attempted to secure comprehensive protection in its own name, that is to say, where possible, before the product was launched on the market. The crucial points are, above all, trade mark protection (including the get-up), and protection under design law. Finally, I pointed out as a marginal note that, according to experience with unfair competition law in Germany, there was a fair amount of willingness among the German courts to provide assistance in taking action against lookalikes.

The final statement made by Bryan Ellis, President of Toy Industries of Europe, was of particular interest. Bryan demonstrated clearly the extent to which the European toy industry, in particular, suffers from the problem of lookalikes.

Summarising, one can say that the seminar was extremely interesting, given that the aspect of lookalikes was illuminated from very different perspectives; retailer representatives were also present. The event was extremely well-attended, and even included members of the press. **MARQUES**, which had a representative on the Panel, will surely also have benefited from the pleasingly positive course of the event.

Notwithstanding the interesting and continuing nature of this event, it remains a fact that can be shown: lookalikes are definitely unfair play!

Till Lampel is a lawyer with Harmsen Utescher in Hamburg.

Observations on the Communication No 4/03 of the President of OHIM of 16th June 2003

By Jochen Höhfeld of KSNH in Munich and a member of the **MARQUES** Trade Mark Law and Practice Team.

If you are not already aware of the Presidential Communication No 4/03, you should take notice thereof. It has been in place since June 2003 and may have an important impact on the scope of protection of your own and your competitor's trade marks.

The practice of OHIM

The Communication No 4/03 of the President of OHIM of 16th June 2003 concerns the use of class headings in lists of goods and services for Community trade mark applications and registrations. Therein, OHIM takes the following views:

1. The use of all the general indications listed in the class heading of a particular class constitutes a claim to all the goods or services falling within that particular class.
2. Where only one or more general indications is recited – rather than all general indications of that particular class – such general indication also covers those goods/services which do not clearly fall within the meaning of any general indication of that particular class but which come closest to the specifically recited general indication.
3. As a consequence, OHIM considers it a proper restriction (and not an inadmissible extension) to limit a list of goods/services reciting a general indication to those goods/services which do not fall within the meaning of any general indication of that particular class but which come closest to the specifically recited general indication. This rule is applied in examination, opposition and cancellation proceedings and, furthermore, to the assessment of genuine use of a trade mark.

The Presidential Communication gives some examples in relation to the general indication "data processing equipment and computers". These goods are considered non-identical if compared with "computer software". (It is of no relevance in the present context under what circumstances they are to be considered similar.) However, according to the Presidential Communication, when a specification contains "data processing equipment and computers" as a general indication, this will be considered as embracing also "computer software". As a consequence, when a specification contains "data processing equipment and computers" as a general indication, this can be limited to "computer software". Likewise, in opposition and cancellation

proceedings the goods "computer software" are considered *identical* to the general indication "data processing equipment and computers". Furthermore, applied to the requirement of use, this means that where the general indication "data processing equipment and computers" is recited in the specification of goods/services, the use of the trade mark in relation to computer software is considered proper use.

The position of MARQUES

An official Position Paper of **MARQUES** is being sent to OHIM and to those national offices following the same practice. Therein, **MARQUES** urges OHIM and all national offices which follow the Presidential Communication 4/03 to abolish this practice, because it introduces severe legal uncertainties for both brand owners and the general public. The following considerations are being put forward:

- The practice established by the Presidential Communication is not any clearer than the use of the term "all goods/services in class X", the use of which has meanwhile been abolished throughout all Member States. This is due to the fact that the class headings of the Nice classification system do not literally encompass, and are not intended to literally encompass, all goods/services falling within a specific class. The class headings are only a guide to facilitate proper classification in a unitary system.
- An ordinary user of the trade mark system cannot appreciate the full scope of protection from the registration details without (a) being aware of the Presidential Communication 4/03 and (b) having sufficient knowledge about the Nice classification system to recognise whether the general indications of a particular class heading are listed completely (so that all goods/services are covered) and what other goods/services not falling within the literal meaning of the general indications about the goods/services belong in the respective class. Such knowledge must not be expected from an ordinary user.
- The Nice classification is subject to change. For instance, class 42 was split into classes 42 to 45 recently. Considering that trade marks may enjoy protection *ad infinitum*, it would be most complex to estimate the scope of protection of a trade mark on the basis of

a class heading regime that was pertinent decades ago. It is particularly the case that this cannot be expected from an ordinary user.

- The above concerns not only relate to the situation in which all class headings of a particular class are listed, thereby giving protection to the entire class, but also to the situation in which the list of goods/services specifies only one or some general indications, thereby giving protection also to those goods/services "coming closest" to the general indication. In these circumstances, an ordinary user would have to recognise that the listed goods/services in fact correspond to a general indication rather than to specific goods/services, he would have to know that a general indication can mean more than it says, and he would have to know what other goods/services in the particular class come closest to the general indication. At least the latter issue is an impossible undertaking even for an experienced practitioner.

From the above it seems clear that OHIM's approach does not provide more legal certainty to the interested public than the formulation "all goods/services in class X". On the contrary, the use of a complete class heading or a general indication thereof rather misleads an ordinary user to believe that the terms specified in the list of goods/services might limit the scope of protection to what is specified. Overall, the Presidential Communication introduces a great deal of legal uncertainty, and this is not outweighed by the practical advantages that OHIM's approach might bring for the registration procedure.

The situation throughout Europe

A survey was conducted by the **MARQUES** Trade Mark Law And Practice Team with the support of the Association's members. The survey covers most of the EU member states (plus Iceland, Norway and Switzerland) and includes many official replies obtained from the respective national offices. It shows that – surprisingly – the practices before almost half of the national offices seem to be in line with the Presidential Communication 4/03, whereas the practices of more than half of the national offices require that the scope of protection conferred by a trade mark registration is to be assessed on the basis only of the goods/services as specifically recited in the list of goods/services. The result of the survey, including both a summary and the detailed answers received

from each country, is published on the **MARQUES** website under <http://www.marques.org/Teams/TeamDownload.asp?FileID=71>

Legal consequences

It must be borne in mind that a Presidential Communication is not constitutional. From a legal point of view, the Presidential Communication 4/03 is to be understood only as OHIM's personal interpretation on the Nice classification system, nothing more and nothing less. Unfortunately, the Office itself is bound by the Presidential Communication, so that this issue has to be brought before the courts, should the need arise. It remains to be seen whether the ECJ – as the final instance – will follow this approach.

In any case, it is more than dangerous to rely on the views expressed in the Presidential Communication 4/03. Instead, to be on the safe side, one should always list all the goods/services of interest individually by their common commercial terms if there is any doubt whether or not they fall within the literal meaning of a specified general indication. This has also been suggested by OHIM.

Links

President's Communication:
<http://oami.europa.eu/en/office/aspects/communications/04-03.htm>

MARQUES Position Paper:
<http://www.marques.org/Teams/TeamDownload.asp?FileID=71>



⑩ Wednesday evening's "Holland Past & Present" reception was held in the Hooglandse Kerk, in the town of Leiden, a former church that hosted traditional Dutch cultural demonstrations, food and music. ⑪ The entertainment included a gospel choir, pictured below.



Brand owners victorious in Turkey

International brand owners have recently won two landmark cases in Turkey.

In the first case, OSRAM GmbH, one of the two largest lighting manufacturers in the world, brought an action before the Turkish Patent Institute challenging the trade mark application for ORSAN filed by the company Ortadogu Makina Ltd.

The OSRAM brand was registered in 1906 and is one of the oldest trade marks recognised throughout the world. The Court accepted the action and held that the marks were visually and confusingly similar and the registration would create a likelihood of confusion. It ordered that Ortadogu Makina's trade mark be cancelled.

In the second case, one of the world's leading candies and chewing gum companies, Vivident (owned by Perfetti) sued a Turkish company, Zirve Gıda, which had launched Whitedent chewing gum that looked like Vivident, given the similarity of the typeface and general use of the mark.

Perfetti filed a trade mark infringement suit and the court found that the two trade marks look like each other, and there could be trade mark infringement. As a result, it ruled that the authorised person of Zirve Gıda should be imprisoned for one year and eight months, the shop should be closed and it should be prohibited from trading for one year.

By Gulsel Bakkal of Group Ofis.

The firm acted for OSRAM in the case discussed.



Rules changes will keep you on your toes

1st October 2008 saw the introduction of new Trade Mark Rules in the UK, which will have an impact on a number of areas of prosecution practice. While the changes should speed up the registration of UK trade marks, David Stone explains that brand owners and UK practitioners will need to keep on their toes to ensure the new, snappier timelines are met and that the divergences between OHIM and UK practice are understood.

In an attempt to remove red tape and make things easier for SMEs, the Trade Mark Rules 2008 consolidate the various amendments made over the past eight years and introduce some important changes to reflect UK government policy to make trade mark registration quicker and less expensive. The new Rules apply from 1st October 2008.

Main changes

Shorter opposition period: The time for opposing a published UK application has been reduced from three months to two months. During the two-month period, a free extension can be requested for a further one month (that is, a total of three months). The extension must be requested during the first two-month period. Brand owners should ensure their watch services are providing notification in good time and that watch notices are dealt with expeditiously.

More flexible cooling-off period: The Registry considers that the recently introduced opposition cooling-off period is working well to help parties settle their disputes, but that a 12-month cooling-off period is too long for some, and too short for others. Therefore, the new cooling-off period will be nine months, extendable at the request of both parties for a further nine months to a total of 18 months. Like the shorter opposition period, this also puts UK practice at odds with OHIM practice – a nightmare for UK practitioners, but perhaps providing competition of sorts between the two products.

“This puts UK practice at odds with OHIM practice – a nightmare for UK practitioners, but perhaps providing competition of sorts between the two products.”

Retrospective extensions of time:

Parties who miss deadlines may now seek a retrospective two-month extension in order to complete an action. The change is introduced to comply with the Singapore Treaty on Trademark Law.

Deadline changes for counterstatements:

Counterstatements in opposition proceedings (previously due in three months) and in cancellation proceedings (previously due in six weeks) will be harmonised to be due in two months. Previously, failure to file led to the opposition being allowed. The new Rules will provide for the Registrar to exercise discretion to consider a late defence.

Introduction of case management:

The new Rules provide for greater case management powers for the Registrar, including to set evidence and submission timetables, and to direct the issues on which evidence is required. In proceedings for revocation for non-use, the opportunities for the registrant to file evidence have been reduced from two to one (which is to be warmly welcomed).

Correcting deficiencies: The new Rules reduce the time for correcting administrative deficiencies in applications, including correcting routine data in an application, or paying the application fee. This period will now be one month. Specification queries will continue to be answerable in two months.

Priority documents: Like OHIM, the Registry will now try to obtain confirmation of priority claims from a wider range of sources. Copies of priority applications will therefore be needed in fewer circumstances.

The new Rules are to be welcomed for removing inconsistencies in the old legislation, bringing UK practice in parts into line with OHIM practice, meeting the UK's international obligations, and aiming for swifter and more cost-effective registrations and determination of disputes. An unopposed



David Stone

trade mark application can now be registered in three to four months – swifter than before, and more quickly than a CTM. However, practitioners continue to be faced with significant divergences between OHIM and UK applications, which could easily catch brand owners out.

David Stone is a Partner with Simmons & Simmons in London and UK correspondent for the MARQUES Newsletter.

IP changes in Portugal

In an effort to simplify and speed up procedures, reduce costs and bureaucracy, the Portuguese Patent and Trade Mark Office has recently implemented some changes in the way industrial property rights are protected in Portugal.

While most of the amendments entered into force on 1st October 2008, the most relevant of these, the abolition of the requirement for the periodic filing of the Declaration of Intention of Use, was immediately enforced. Under the new law the maintenance in force of Portuguese trade marks is ensured only through the filing of the renewal. In relation to international trade marks extended to Portugal, there are no maintenance requirements.

Some other changes in relation to trade marks include the end of the automatic issuance of the certificate of registration, which will now only be issued on request; a reduction in the examination term; and the elimination of some notarisation steps.

*Isabel Moniz Pereira,
Gastão da Cunha Ferreira, Lda*

Street seller of counterfeit goods must pay up

Hanne Weywardt and Frank Jørgensen examine recent positive developments for brand owners in Denmark.

Like many major cities, Copenhagen is swarming with street sellers engaged in the counterfeiting industry selling what appear to be luxury goods, but which are in fact poor quality and infringing on trade marks. The Danish police are dealing with the problem and are conducting many seizures of these goods. With a new ruling from the Copenhagen city court the infringers, however, now also face high damage claims.

In the autumn of 2007, the Danish police seized 41 counterfeit products from a street seller on the main shopping street of Copenhagen. As the sale of counterfeit goods is not subject to public prosecution, the trade mark owners had to file a criminal complaint in order to have the infringer prosecuted before the city court. The public prosecutor decided to prosecute the infringer and as representatives of the trade mark owners we argued that the infringer should pay damages equivalent to a licence fee of 25% of the comparable original value of the seized products, plus the same amount in market disturbance and finally compensation of DKK50,000 per brand owner infringed due to the non-economic loss.

In September 2008 the city court ruled in

favour of the trade mark owners, finding the street seller guilty of the sale of counterfeited goods. The court moreover found that the infringer should pay a hypothetical licence fee of 25% or the comparable original value of the products, the same amount in market disturbance and finally DKK50,000 in compensation to the brand owner, due to the fact that the illegal sale had damaged the reputation of the trade mark owners. However, due to the poor financial situation of the infringer, the court reduced the damages to only one-quarter of the amount claimed, though still awarding DKK60,837.50 in damages for the sale of 41 counterfeit products. The infringer was



Hanne Weywardt

Frank Jørgensen

also given a fine, and we have in cooperation with the prosecutors created a precedent for fines in the region of DKK20,000 to DKK40,000 in this respect.

The damages awarded in the light of the low product count are, however, unprecedented and indeed a great success which should be pursued further, sending a clear signal to street sellers and moreover trade mark owners, namely that it is possible to enforce rights with strong effect, including from a criminal perspective.

Hanne Weywardt & Frank Jørgensen are members of MAQS Law Firm in Copenhagen.

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12 Wednesday afternoon's discussions focused on "the external environment" and who handles trade marks. In the first panel, speakers discussed look-alikes and in particular the conflict between branded and own-brand goods. Mireille Buydens, a Partner of Liedkerke Law, reviewed case law on the issue, while Hans Voorberg, Vice President Legal Affairs at Sara Lee, presented a brand owner's view and Alex de Jong, of De Pers, explained the changing marketing strategies that are emerging, including the growing diversity of own-brands. The second panel debated the different approaches to managing trade mark rights, with Katrina Burchell (left), Head of Trade Marks at Unilever, explaining how the company had outsourced many its trade mark activities.

13 Jean-Pierre Maeder, Head of Trademarks with Nestlé, described the benefits of the Swiss company's network of local and regional offices to manage its rights, and why it prefers to manage as much trade mark work in-house as possible. Rounding off the session, Knijff & Partners founder Marius Knijff (right) gave a private practitioner's view of the benefits and disadvantages of outsourcing.

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Latest eBay developments explained

Below, Janet Satterthwaite discusses a recent US decision in which a court ruled against Tiffany in its suit against eBay over counterfeits.

eBay successfully defended a lawsuit by Tiffany alleging trade mark infringement and contributory trade mark infringement for eBay's facilitation of a marketplace for the sale of counterfeit Tiffany jewellery, despite the fact that the court acknowledged that a significant percentage of Tiffany goods sold on eBay are counterfeit. Once again, US courts have ruled against the brand owner in cases where European courts have ruled for the brand owner. First we had the Google cases over keywords, and now the pattern is repeating itself in the eBay cases.

More than 6 million new listings appear on eBay every day, and at any given time, 100 million listings are on the website.

eBay's revenue is based on listings and a percentage of the eventual sale. The court found that eBay made \$4 million over three years from the sale of Tiffany goods. Tiffany's research indicated that the percentage of this which was counterfeit was 73%; the court found that at least a significant proportion was counterfeit.

The Tiffany court concluded that the concept of contributory infringement could apply to entities such as eBay that "provide a marketplace for infringement and maintain direct control over that venue". (This is important because it acknowledges that the eBay facility could, in theory, be covered under a claim of contributory infringement).

The court found, however, that while eBay had "generalised notice" that some portion of Tiffany goods sold on its website were counterfeit, that did not translate into knowledge of *specific infringers*. Fourth and fifth, the court found that eBay was not wilfully blind to evidence of counterfeiting on its website and that eBay acted responsibly upon notification through application of the VeRO notice and take down program.

Moreover, not all Tiffany merchandise sold through eBay is counterfeit. The court noted the doctrine of contributory trade mark infringement should not be used to require defendants to refuse to provide a product or service to those who merely might be infringing. Tiffany had suggested that any lot of five items or more should be automatically considered counterfeit because Tiffany never sells more than five items at once, but the court found that there were listing of five or more items that were all genuine, so Tiffany's reliance on this position was not helpful.

The court concluded that "reason to know" does not extend, under current law, to a duty to seek out and prevent violations. This is exactly the opposite of the conclusion reached by the French courts.

Like the Tiffany court, the Hermes and LVMH courts (Troyes and Paris, respectively) also found that eBay exerts sufficient control over its website that it is not merely an impassive



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host. In contrast to the Tiffany court, however, the French courts found that being in this category of editor of services on the website gave eBay a responsibility to take affirmative measures to prevent fraudulent activity on its auction site. The LVMH court simply awarded (large) damages to the plaintiff, but the Hermes court went a bit further and set out standards for eBay to implement in order to reduce fraud.

The Hermes case was discussed in a prior issue of the newsletter in an article by Natalie Dreyfus.

[A copy of the full opinion can be found on the Cyberspace Team page on the MARQUES website.](#)

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⑭ Neil Hobbs, an IP lawyer with Virgin Enterprises, took part in a panel on brands as business assets, "Show me the money!" with Mark Bezzant, a Managing Director of LECCG, chaired by Ben Goodger, a Partner of Rouse Legal. Neil talked about "brand venture capitalism" and discussed some of the considerations that go into drafting complex licence agreements, while Mark provided advice on valuation and agreeing licensing terms.



⑯ Ernesto Rubio was one of three speakers from WIPO who provided an update and answered questions on activities including the Madrid and Hague Systems. Ernesto, Assistant Director General, was joined by José Graça Aranha, a Director, and Gregoire Bisson, a Deputy Director.

⑮ Four well-attended workshops were held on Thursday afternoon. The topics were: Second Life; geographical indications and trade marks; Community design rights; and look-alikes. There were also excursions to places of interest around Noordwijk.



eBay loses round 2 in France

After the first French decision regarding eBay as a trade mark counterfeiter on 4th June 2008, the French process moved forward against the auction site on 30th June 2008. The First Instance Trade Court in fact ruled at the same time in three proceedings involving perfumers and ended by allowing them almost €40 million in total!

Parfums Christian Dior, Kenzo Parfums, Parfums Givenchy and Guerlain sued eBay International and eBay Inc before the Trade Court. Their aim was to stop any auctions relating to perfume and cosmetic products manufactured by them or presented by sellers as being manufactured by them.

The plaintiffs were also seeking to stop the use of their company names in the auction titles and in the descriptions of the items being offered for sale on eBay.

Two points need to be mentioned.

The claims of the perfumers were not based on trade mark infringement but only on civil responsibility provisions. Also, contrary to the earlier French decision of 4th June 2007, eBay International and eBay Inc were the sole sued parties. No eBay seller was involved in any the proceedings.

The argument raised before the Court by the plaintiffs was basically that eBay companies committed faults by (1) refraining from setting up technical and human means to prevent products reserved to selective distribution from being sold and (2) by earning money on the sales of those products.

Findings of the Court

The Court decided the proceedings by applying provisions of the Law on Trust in the Numeric Environment (LCEN). The Judge regarded eBay as performing hosting and brokerage activities in a non-separable way. The storage service was only offered with the view to operate a mediation between sellers and buyers and to catch money through commissions.

LCEN provisions indeed exclude civil responsibility in the case of hosting services unless the addressee of these services acts under the control or under the authority of the hosting company. But this exception could not apply to eBay as it is both a hosting and a brokerage company.

The Court outlined that setting up selective distribution networks involves control of the environment and the general conditions of selling the products. The context and presentation on eBay however involved variations in selling the products and a loss of supervision by the plaintiffs.

The active interventions of eBay while in the descriptions, presentations and positions of sellers together with selling advice for perfume products compromised the coherence of the distribution networks and could lack respect for the products and for the trade mark which carries some prestige.

The faults retained against eBay consequently lied in the infringement of the selective distribution networks of the plaintiffs as eBay had the obligation to ascertain that its activities did not involve illegal situations. The failure of eBay to take appropriate measures despite the repeated demands of the plaintiffs increased eBay's faulty situation.

eBay was condemned to pay almost €40 million to the perfumers. The Court ordered eBay to stop the conduct of auctions for the plaintiffs' perfumes or for products presented as such as well as to impeach eBay sellers to include the plaintiffs' company names in titles and descriptions of the products. eBay has already appealed the decision.

Comparison with US case

The French case and the New York District Court decision interestingly follow different reasoning and solutions. In our opinion, the difference of findings is unlikely to be caused by the grounds of actions (trade mark infringement in the US proceeding/civil responsibility in the French action). Indeed, the French Court already admitted trade mark infringement in its decision of 4th June. The differences have to do more with the judge's view as to the economic model offered by eBay than with the national practice involved.

We feel that the US judge did not go into balancing between what Tiffany needs to do and what eBay had to do. Tiffany did not have an obligation to beautify the eBay site: eBay created the site, designed how it works so it was eBay's responsibility to develop its site. Having sufficient information that there is a significant problem involved in the selling of counterfeiting merchandise of Tiffany should have been sufficient for eBay to investigate the matter and take appropriate action.



Franck Soutoul



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Links

More information on the Cyberspace Team home page: <http://www.marques.org/Teams/TeamInfo.asp?TeamCode=CybeTeam>

CYBERALERT from the Cyberspace Team

As of 29th July 2008, Nominet, the .uk registry, has updated its dispute resolution rules. The most interesting change is that in cases where there is no response, the complainant can ask for a summary decision for £200 instead of having to pay the full £750 filing fee which will now only be necessary in contested cases. This should make obvious cases against domainers less expensive to deal with. Nominet also claims that it has made its online filing process more user-friendly, which would be most welcome. A summary of the full changes can be found at www.nominet.org or on the **MARQUES** Cyberspace Team web page.



¹⁷ Vincent O'Reilly, Director of the Department for IP Policy at OHIM, presented the annual Lewis Gaze Memorial Prize to Catherijn Mulder on Friday morning. O'Reilly also spoke about recent and pending ECJ and CFI decisions and their impact on OHIM, while Tobias Cohen Jehoram of De Brauw Blackstone Westbroek provided analysis of the most recent decisions. Hugues Derême, Deputy Director of the Benelux Office for Intellectual Property, highlighted some unique aspects of the Benelux system that have recently been developed.

The new TLD opportunity

MARQUES invited Justin Hayward to explain what's new about .tel

There are just weeks to go before the new top-level domain (TLD) .tel launches to trade mark owners. Called "game-changing" by analysts at DEMO, one of the key technology innovation conferences in San Diego in September, .tel has variously been described as "the Google of online phone directories" by *Fortune* magazine through to "the whitepages killer" by technology blog Ubergizmo. But what precisely is .tel?

Well, for a start, you can't host websites on it. With this point, the value of a domain name might be questioned by many. But the real value is that a .tel domain name provides the ability to quickly and securely publish information on the internet, in the form of a directory listing, without using html, directly within the DNS. Using the scalable infrastructure of the internet which previously has only contained IP addresses is the innovation that Telnic, the registry operator behind this unique sponsored TLD, has been focused on delivering for the past few years.

What does this enable the owners of a .tel to do?

Primarily, it enables them to publish all of the ways they can be contacted and interacted with, offline and online, through one address. Details can be changed quickly, through a management console, without the need for web-programming skills. Once the domain name has been bought, there are no further costs. Information can be securely stored by encrypting it and only sharing that information, on a one-to-one basis, through a friending process – like a social network – so that different people see different things when they are looking at the results online (or through some of the several applications to integrate with mobile phone and PC address books, changing them from static to dynamic applications).

The benefits for brand owners are numerous as the functionality is rich; enhanced discoverability, instant search engine optimization, a branded communications hub where customers can easily find and contact you in any way you offer and which they choose are just a few of the applications. The .tel effectively exposes all of the existing investments in the web and other communications technologies that an



Justin Hayward

organisation has under one branded domain that's accessible from any device.

Deloitte will be running the Sunrise validation which has been refined from previous TLD launches. Applications are validated in a first-come, first-served manner and trade mark ownership must be at a national level, with the trade mark applied for by 30th May 2008. A full guide to the Sunrise process written in conjunction with Deloitte is available on Telnic's website, as well as further resources to understand the full potential and functionality of the .tel

Links

More information: <http://www.telnic.org>

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