INTA’s Growing Presence in India

On August 23 and 24, 2007, INTA cosponsored the International Conference on Anticounterfeiting & Piracy in Mumbai, hosted by the Confederation of Indian Industry (CII). The Association was represented by President Elect Rhonda Steele, who gave a special address in the opening session; Faisal Daudpota, INTA Anticounterfeiting Manager, who participated in a panel; and Simran Daryanani, INTA’s representative in India. Important Indian government officials also attended the conference.

The conference’s stated objectives were to facilitate capability building in IP owners, exchange information and ideas aimed at eliminating the threat posed by counterfeiting, strengthen cooperation between enforcement agencies and chalk out strategies for enforcement agencies and industry action. Presenters focused on sectors such as fast-moving consumer goods, auto components, drugs and pharmaceuticals, entertainment and IT/software piracy.

INTA’s main purpose in engaging in this conference was to work toward making new friends in the Indian industry and policy circles. The conference was the initiative of the CII National Committee of Intellectual Property (IP) Owners, which strives to make India a truly “IP savvy” country, encompassing IPR policy, capacity development, IP creation and protection and enforcement issues.

INTA hosted a reception in conjunction with CII Conference on the evening of August 23 to mark the Association’s new goals for activity and growth in the region to better serve Indian corporations and law firms.

See photos from the reception on page 2.

Input Sought for Possible Presentation to U.S. Customs on Nontraditional Marks

INTA’s Nontraditional Marks Committee is conducting a brief survey of Regular Members to assess whether a presentation to U.S. Customs personnel on the subject of nontraditional marks (e.g., color, product configuration and trade dress) should be developed. We encourage you to contribute by answering a few brief questions.

The potential presentation would discuss the main types of nontraditional trade marks and provide examples of such marks that are registered with U.S. Customs and that are likely to be the subject of unlawful importation, as well as any enforcement issues facing INTA members with respect to nontraditional trademarks.

It is hoped that the presentation can be saved as a CD-ROM or DVD with PowerPoint slides, and an appendix containing the images and other information.

The members of the Nontraditional Marks Committee appreciate your time in completing the survey and supporting this effort.

See the link to the survey on the home page of www.inta.org or email mking@inta.org

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INTA Supports Southern California Anticounterfeiting Event

In late August, INTA cosponsored the Los Angeles Counterfeiting and Piracy week, which highlighted the growing problem of counterfeiting and piracy in Southern California. The event was hosted by the U.S. Chamber of Commerce, and included a weeklong series of educational and media events throughout the Los Angeles area that discussed the costs, risks and threats posed by counterfeiting and piracy. Several INTA members were speakers throughout the week and Michelle Sara King, INTA Manager, External Relations, United States, also attended on the Association’s behalf.

Los Angeles Mayor Antonio Villagorosa explained the impact of counterfeiting on the local economy and stated that “anything that hurts our economy and costs us jobs is something that hurts us all.” Mayor Villagorosa cited the Los Angeles County Economic Development Corporation study, which found that the cost of counterfeiting and piracy to Los Angeles-based firms was US $5.2 billion in lost sales in 2005. Further, he stated that counterfeit and pirated goods led to over 106,000 lost jobs in the Los Angeles area, $4.4 billion in lost wages and a loss to tax revenue of at least $483 million—which affects the ability to fix the roads and schools.

Mayor Villagorosa and City Councilwoman Wendy Gruel have formed a task force of elected leaders and industry representatives to combat counterfeiting and piracy. Ms. Gruel explained that counterfeiting “is helping to foster criminal activity.” The task force’s goal is to educate consumers about the issue, lobby for tougher criminal penalties and get the organized criminal networks selling these goods off the streets and in jail. Mayor Villagorosa and Ms. Gruel emphasized the importance of education since the recent Gallup Organization survey commissioned by the U.S. Chamber of Commerce found that “one in four people in Los Angeles County knowingly bought, copied, or downloaded illegal goods in the last year.”

Enforcement activities and exposed linkages to terrorism and gang violence were the focus of remarks by the Los Angeles City Attorney, Rocky Delgadillo. Santee Alley is a part of Los Angeles known to sell counterfeit goods, and Mr. Delgadillo explained that “many of the Santee Alley landlords take as their rent a percentage of the sales,” and therefore the landlords who are “allowing counterfeit activity go on at their property are actually benefiting from that counterfeit activity.” Members of the Los Angeles sheriff’s department also discussed that “they have traced counterfeiting activity to organized gangs and terrorist groups.” They encouraged businesses and individuals to work with them in countering these illegal activities.

In addition to Los Angeles enforcement activities, the week included educational opportunities for students and business owners. During these sessions, brand owners explained the importance of policing their goods in an effort to work towards preventing the spread of counterfeit goods. The brand owners discussed the importance of working with law enforcement and customs officials in this process.

Although this week focused on Los Angeles, the events underscores the fact that counterfeiting and piracy is affecting all business sectors and poses a large global threat. Congresswoman Diane Watson summarized the ultimate goal to encourage businesses and the community to “to join in a global partnership to protect our products.”

By: Michelle Sara King, INTA Manager, External Relations, U.S.

OHIM Announces 2007 Competition for IP Students in Europe

The Office for Harmonization in the Internal Market has announced its 2007 Prize Competition.

EUR 15,000 will be awarded to the author of the winning dissertation and EUR 7,500 to the author of the second-best dissertation. The two winning authors will have the opportunity to complete a five-month paid traineeship at OHIM.

The competition is open to all university graduates, provided they have studied or are currently studying a post-graduate course in one of the 27 member states of the European Union. The course must include subjects related to industrial and commercial property.

The submission deadline is December 15, 2007.


In Memoriam

Pauline Caamano, an attorney with Pellerano & Herrera in Santo Domingo, Dominican Republic, died August 23, 2007. She had been injured in an accident and was thought to be recovering when sudden complications caused her death.

Pauline had been involved in planning a number of INTA programs, including the 2006 Annual Meeting in Toronto and the 2008 Annual Meeting in Berlin. She was also on the Roundtables Project Team for Latin America.
Brand Promotion and Unauthorized Trademark Use in Virtual Worlds

An entirely new world is emerging as a hotbed for brand promotion as well as possible trademark infringement—the world of virtual reality. The popular press reports with increasing frequency about business activities taking place in virtual worlds. Gartner, Inc., an information technology research and advisory company, predicted in a recent report that by the end of 2011, 80 percent of active Internet users will have some sort of presence in a virtual world. One of the most popular virtual worlds at present is Second Life®, an online economy that is growing at a rate of more than 25 percent per month. Second Life is often described as a massive multiplayer online role-playing game (MMORPG, pronounced mor’ peg), but it is certainly not a traditional computer game.

Linden Lab, the San Francisco–based company that owns and operates Second Life, describes it as a “3D online world with a rapidly growing population from more than 100 countries around the globe, in which the residents themselves create and build the world[,] which includes homes, vehicles, nightclubs, stores, landscapes, clothing and games.” These residents are online personas, called avatars, created by their users. The strong identification of users with their avatars, together with the ability to create and build virtual businesses that participate in a very real economy, is beginning to capture the attention of major brand owners. This environment offers a new means of brand promotion as well as a new platform for creating and using intellectual property rights and, consequently, for possible infringements of intellectual property rights, including trademark infringements.

Linden Lab responds to allegations of copyright infringement in accordance with the process and procedures of the Digital Millennium Copyright Act. The stated Second Life policy on trademarked material states that “Linden staff generally removes content that uses trademarks without apparent authorization, with or without giving notice to the object’s owner…. Any resident may file an abuse report if they see any other resident making unauthorized use of trademarked material in Second Life.” Since there is no case law on point, it is unsettled whether use of a real world trademark by an avatar in a virtual world constitutes trademark use, which is a necessary element of trademark infringement.

Trademark owners should be aware of the opportunities and challenges to their brand in virtual worlds like Second Life. Some brand owners have established an online presence by building retail stores in Second Life to sell products in the real world. All of the attendant concerns of brand reputation and disparagement are present in this new medium, just as they are in the real world. There have been instances of counterfeiting and allegations of copyright infringement for misappropriation of others’ property created and used in virtual worlds. With over 11.5 million transactions reported in recent months, if only one percent of the transactions involves unlicensed trademarks, that translates to 115,000 actionable cases of infringement in only one month and more than 1.4 million infringements per year.

Assessing the potential of Second Life as a marketing tool is of fundamental importance to brand owners. Because the average age of the virtual world participants is 32 and the ratio of men to women is roughly 1:1, it has become an ideal place for companies to consider marketing their goods to an older and wealthier demographic. This is especially so considering the site’s incredible growth rate. It’s no wonder that companies like Toyota, Dell and Reebok have decided to expand into the “digital marketplace” by opening their own online stores and choosing to make use of the site for advertising purposes.

Created in 2003, Second Life is reported to have more than 9 million registered persons (persons can create more than one avatar) and an active community of 600,000 residents who participate regularly. The average user is online between 20 and 40 hours a week. As a testament to the rapid growth in popularity of Second Life, Time magazine included Second Life creator Phillip Rosendale in this year’s list of the world’s 100 most influential people, and CNET and Reuters have stationed at least one full-time reporter in Second Life.

Candidates such as John Edwards have set up headquarters in Second Life and have been joined by the Maldives and Swedish embassies. The John D. and Catherine T. MacArthur Foundation is hosting activities and discussions in Second Life and exploring the roles of philanthropy in the online world. Second Life is home to a virtual business incubator, known as Nonprofit Commons, for 30 nonprofits, and the Linden Bar Association, with, at last count, 30 real-life attorneys. The American Cancer Society established a virtual Relay for Life fundraiser that raised $82,000 in the months prior to the virtual event.

Second Life is different than other MMORPGs in two important ways. First, the Terms of Service of Second Life permit the creators of virtual property to own property they create. Specifically, the Terms of Service state: “you retain copyright and other intellectual property rights with respect to content you create in Second Life, to the extent that you have such rights under applicable law.” Because Second Life allows residents to retain the rights in their online creations, they are increasingly creating digital objects and inventory to sell to other users for use by their avatars.

Second, the economy of Second Life is driven by an in-world currency, the Linden Dollar, which is exchangeable for U.S. dollars on the Linden Currency Exchange (known as the LindeX) at the
The current rate of approximately 270 Linden Dollars per U.S. dollar. There are at least three other currency exchanges that exchange Linden Dollars. Residents collect Linden Dollars by selling digital creations or virtual real estate to other residents and then convert the Linden Dollars to U.S. dollars. Rosendale stated at the August 1 AlwaysOn technology conference that 830 residents make more than US $1,000 a month in Second Life. Some residents’ Second Life business activities have been successful enough to replace their real-life income. Business Week reported Second Life’s first millionaire in a cover story May 1, 2006. The virtual real estate market in Second Life and other MMPORGs has created a market with a collective value estimated to be in the hundreds of millions of U.S. dollars, and the economy in Second Life is 100 percent larger than it was six months ago. Time magazine reported that $6.8 million changed hands in June 2007 on LindeX and that Congress is looking into whether to tax this commerce. Companies whose entire business is building virtual property in virtual worlds have been created.

Second Life’s creation ownership policy and its in-world currency exchangeable for real-world money have stimulated a real consumer economy in the virtual world; however, that economy has predictably given rise to many instances of infringement. Avatars can, for example, purchase from “enterprising” residents virtual NIKE shoes bearing the distinctive Swoosh Design or virtual iPOD music players loaded with the latest hits, notwithstanding that Nike, Apple and the recording artists may not have consented to the creation and sale of the virtual property exploiting their trademarks, copyright, designs and other valuable intellectual property. This activity is prohibited by Second Life’s Terms of Service; however, as in the real world, policing infringement most often falls to the right holder. Although many intellectual property owners appear to be taking a wait and see approach in these early days of Second Life’s popularity, at least one real-world lawsuit has been commenced: Eros, LLC alleges copyright infringement, trademark infringement and misrepresentation for unauthorized reproduction and sale of a virtual adult-themed bed.

In any event, brand owners should be aware of both the marketing potential and the possibilities of infringement that Second Life presents. The INTA Internet Committee’s Online Trademark Use Subcommittee has been addressing the issue of trademark use in virtual worlds. The group invites any brand owners with specific areas of inquiry or concern to contact the committee to influence the future direction of its work. Please contact the Subcommittee Chair Rose Hagan at hagan@google.com or Susan Rector at srector@szd.com with suggestions.

By: Susan D. Rector, Schottenham Zox & Dunn Co., Columbus, Ohio, USA; Peter Giddens, Lang Michener LLP, Toronto, Ontario, Canada; Ron Klagsbald, Price-Klagsbald Law Offices, Ramat-Gan, Israel; Dinisa Hard-ley Folmar, The Coca-Cola Company, Atlanta, Georgia, USA, Thomas LaPerle, Apple Inc., Cupertino, California, USA, Ellen Shankman, Ellen Shankman & Associates, Rehovot, Israel
The Role of Use in Mexican Trademark Law

Use is not required for trademark registration in Mexico. However, it is required to maintain rights. This article summarizes the relevant provisions of the Industrial Property Law (LPI) and case law of the Federal Court for Fiscal and Administrative Justice (TFJFA). The TFJFA reviews decisions of the Mexican Institute of Industrial Property (IMPI).

DEFINITION OF USE

The LPI does not define “use.” However, Article 62 of the implementing regulations states that a mark is used when “the goods or services...have been placed on the market or are available on the market...in the quantities and form that correspond to custom and practice in trade.” Stated another way, token use is not enough.

USE BY LICENSEES

Use by a licensee is equivalent to use by the trademark owner (LPI, Article 141). However, the licensee’s use does not benefit the licensor unless the license is recorded with IMPI (Article 136).

The TFJFA has held that invoices from a distributor are not evidence of use by the owner, unless the distribution agreement is recorded with IMPI. RTFJFA; 5ª Época; Año IV; No. 41; Mayo 2004; p. 353. Tesis: V-P-1aS-205. The better view, stated by an appellate court, is that distribution agreements are not license agreements, and need not be recorded. [TA]; 9ª Época; SJF; TCC; XVI, Julio de 2002; p. 1335. Tesis: 1.8º.A.24 A.

The LPI has no special provisions regarding related companies. However, the TFJFA, citing Article 19.2 of the TRIPS Agreement and Article 1708.9 of NAFTA, has held that use by a company owned or controlled by the registrant is equivalent to use by the registrant. RTFJFA; 5ª Época; Año V; No. 55; Julio 2005; p. 13. Tesis: V-P-SS-660. RTFJFA; 5ª Época; Año V; No. 55; Julio 2005; p. 15. Tesis: V-P-SS-661.

TRADEMARK RENEWAL

Article 134 of the LPI states that a registration may be renewed only if the registrant “makes a sworn statement...attesting his use of the mark on at least one of the goods” listed in the registration. If the mark is not used on any of these goods, the registration may still be renewed if the mark is used on goods in a different class, covered by another registration for the same mark (Article 135). However, a registration renewed under Article 135 may be cancelled at the request of a third party.

Mexican law does not require the periodic filing of affidavits of use. However, many trademark owners file such affidavits with IMPI every three years, to ward off cancellation claims.

LOSS OF RIGHTS THROUGH NON-USE

A third party may request that a registration be cancelled if the mark has not been used on any of the listed goods or services during the preceding three years (Articles 130 and 152.II). The burden is on the registrant to prove its use of the mark. RTFJFA; 5ª Época; Año V; No. 56; Agosto 2005; p. 236. Tesis: V-TASS-211.

Articles 130 and 152.II do not require continuous use. The TFJFA recently held that a single, commercially significant sale during the preceding three years was enough to defeat a cancellation claim. RTFJFA; 5ª Época; Año VI; No. 66; Junio 2006; p. 7. Tesis: V-P-SS-798. Moreover, lack of use may be excused if caused by circumstances beyond the control of the trademark owner.

The registrant in a cancellation action must provide invoices or inventory statements demonstrating actual sales of goods bearing the mark. RTFJFA; 5ª Época; Año VI; No. 61; Enero 2006, p. 67. Tesis V-P-SS-768. Evidence of advertising will not, by itself, defeat a cancellation claim. RTFJFA; 5ª Época; Año V; No. 53; Mayo 2005; p. 209. Tesis: V-TASR-XXI-1534.

The defendant need not demonstrate use of the mark on all of the goods or services listed in the registration. It need only prove use for one of the listed goods or services. The law does not permit the partial cancellation of a trademark registration.

CONCLUSION

On the whole, Mexican law regarding trademark use is consistent with international norms. However, there are traps for the unwary. If a distribution agreement may be construed as a license, it should be recorded. Moreover, trademark registrants should file periodic affidavits of use with IMPI, or at least maintain representative invoices demonstrating trademark use, in order to defeat possible cancellation claims.

By: John M. Murphy, Arochi, Marroquín & Lindner, Mexico City, INTA Bulletin Features–Policy & Practice Subcommittee
INPI to Differentiate Fees for Electronic vs. Paper Filings

In an interview published in the newspaper *Valor Econômico* on July 25, 2007, the newly appointed president of the Brazilian Institute of Industrial Property (INPI), Jorge Ávila, announced that the agency will begin charging different government fee amounts for trademark applications filed on paper versus those filed electronically. Presumably, the government fees will be higher for paper filings, as a way to encourage electronic filings.

If the plan is implemented, it will represent a significant change of policy for the INPI, which has insisted for years that once its new electronic filing system was fully implemented, it would stop accepting paper filings.

Changing the INPI’s fee structure requires the issuance of an administrative order by the Ministry of Development, Industry, and Foreign Commerce. It is unclear at this time when such an order will be issued.


Federal Court of Appeal Takes Strict Approach to Passing-Off Actions

In a decision dated July 12, 2007, the Federal Court of Appeal, in *BMW Canada Inc. v. Nissan Canada Inc.* (2007 FCA 255) held that in order to support a passing-off action under paragraph 7(b) of the Canadian Trade-marks Act, the plaintiff must “use” its trademark as defined under the Act. As a result of the decision, Nissan is free to use the trademarks M and M6 in association with its vehicles, despite the fact that the mark M is a company symbol of BMW.

On August 12, 2005, BMW commenced an action against Nissan for passing off under paragraph 7(b), alleging trademark infringement and depreciation of goodwill, based on BMW’s trademark registrations for M3, M5 and M & Design and unregistered trademarks M and M6. The trial judge dismissed the infringement and depreciation claim but held that Nissan was liable for passing off for its use of the M and M6 marks. The issues to be decided on appeal related solely to the passing-off claim.

The Court of Appeal stated that paragraph 7(b) of the Act required that the plaintiff had to “prove possession of a valid and enforceable trademark, whether registered or unregistered,” and held that the mark must have been “used” by the plaintiff, as defined in Section 4 of the Act. Section 4 provides that use occurs if the trademark is marked on the goods themselves (or packages) or is used in any other manner such that notice of the association between the mark and the goods is clear.

The evidence established that BMW used the letter M in combination with other words and numbers (e.g., M POWER) for automobiles and related goods. It was held, however, that use of M in combination with other words or terms could not be considered use of the M mark alone.

Although BMW established that its M and M6 trademarks were used in association with advertising materials, they were not marked on the goods or packages. The court held that without evidence that the marks were used “in any other manner so associated with the wares,” use was not established. As no valid trademark existed to support a claim for passing off, the Court of Appeal held that the trial judge erred as a matter of law by allowing the passing-off claim.

The Court also held that the trial judge erred in finding that damages could be presumed in a passing-off action once the existence of goodwill and the deception of the public as a result of a misrepresentation were established.

As a consequence of this case, an action for passing off would appear to be available in Canada only if the plaintiff has used its trademark as defined under the Act and can prove actual or potential damages, which marks a clear departure from earlier, longstanding case law.

Source: Belden Associates 2006

Contributor: Heather Robertson, Smart & Biggar, Toronto, Ontario; Verifier: Michelle Wassenaar, Johnston Wassenaar LLP, Toronto, Ontario

INTA is pleased to announce its partnership with the magazine *EDITOR & PUBLISHER* on its annual *Trademarks and Copyrights* issue.

It is a constant challenge to protect trademarks from becoming generic. One of the main ways INTA works to assist trademark owners in this effort is to inform media representatives on the proper use of trademarks in their publications.

This partnership will allow INTA to reach out directly to media representatives and educate them on proper trademark usage and the tools INTA has available to help them, such as the Trademark Checklist and Trademark Hotline.

*Editor & Publisher* is one of the best ways to reach this influential audience, as 85% of all newspaper publishers in the U.S. read the magazine, as well as 56% of editors, more than any other free publication, association magazine or newsletter, monthly, weekly, or daily.*

INTA encourages its members to also use this special section to highlight the proper use of your own company’s trademarks as well. For more information and to reserve your company’s space in the magazine, contact:

Michele MacMahon  
+1-646-654-5303  
mmacmahon@editorandpublisher.com

*OR*

Dennis Tyhacz  
+1-646-654-5302  
dennist@editorandpublisher.com

* Source: Belden Associates 2006

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GERMANY

Domain Names and Trustees

The decision of the German Federal Supreme Court of February 8, 2007 (I ZR 59/04 – grundke.de), in which the court held that an Internet service provider that has registered a domain name in its own name on a customer’s behalf can refer to the customer's name to justify the domain name registration, has recently been published.

Rather than applying the usual rule, according to which the owner of the senior right prevails in a conflict of trademark or name rights, the German Supreme Court applies the “first come, first served” rule if a domain name that is derived from its owner's name collides with a third party name right. Therefore, a domain name owner can keep the domain name even if his name rights are junior to the rights of the claimant in the same name. However, if the claimant's name is well known, the domain name registration must be cancelled.

The question arises how to apply this rule when a domain name is not registered by the “beneficial” owner itself, that is, the person who wishes to use the domain name, but on his behalf by somebody else, such as a relative, business partner or Internet service provider. If the registered domain name owner (who is not the beneficial owner) receives a claim for trademark or name right infringement by a third party, can the service provider refer to the customer’s name to invoke the first-come, first-served rule?

Up to now this question was answered in the affirmative only in cases where there was a close relationship between the beneficial owner and the registered owner, such as a family relation or the relation of a parent company and its subsidiary. Against this, the first-come, first-served rule based on the owner's name had been denied if the registered owner was an Internet service provider with an “arm's length relation” to its customer.

The Supreme Court has now decided that an Internet service provider can also refer to name rights of its customer if other owners of the same name have a simple and reliable way to find out whether the domain name has been registered in the name of a person with the respective name. This is the case if a domain name is connected with a website of the service provider's customer. If there is no such website yet, it will be sufficient, according to the Supreme Court, if the customer can prove by a notarized document that he had already informed the service provider of the registration of a domain name when the third party challenged it.

As it is not likely that instructions to register a domain name will be notarized, it is advisable either to register domain names in one’s own name rather than in the name of a service provider or to connect the domain name at least with a provisional website by not only indicating that the website is “under construction” also but disclosing the website owner.

KOREA

Korea-U.S. Free Trade Agreement: Trademark-Related Provisions

The Korean and U.S. governments concluded a landmark Korea-U.S. Free Trade Agreement (FTA) on April 1, 2007, to promote economic ties by eliminating trade barriers.

The FTA generally is considered to reflect pro-IP right policies, and is expected to promote the protection of patents, trademarks and copyrights (in terms of both procedures and substantive laws). The following is a quick summary of the key trademark-related changes pursuant to the FTA.

PROTECTION OF SOUND AND SCENT MARKS

The Korean Trademark Act defines “trademark” as any sign, character, figure, three-dimensional shape, color, hologram or any combination thereof, as well as any mark that can be visually recognized. Sound and scent marks were traditionally considered to be excluded from the scope of trademark protection, but under the FTA Korea has now agreed to the protection of such marks.

PROTECTION OF CERTIFICATION MARKS

Under the FTA, Korea has also agreed to the protection of certification marks.

REMOVAL OF EXCLUSIVE TRADEMARK LICENSE RECORDATION REQUIREMENT

Currently, the Korean Trademark Act requires that an exclusive trademark license must be recorded in order to be valid. However, the FTA removes this requirement.

PRE-ESTABLISHED DAMAGES FOR TRADEMARK INFRINGEMENT

Under the FTA, a system of pre-established damages (providing maximum and minimum damages for trademark infringement) is to be implemented.

The Korean Intellectual Property Office is currently amending its regulations to reflect the system, but actual implementation will need to be monitored.

Contributor: Jay J. Kim, Kim & Chang, Seoul; Verifier: Joong-hyo Kim, Choice Kim International Property Law, Seoul

ARE YOU INTERESTED IN JOINING THE INTA PANEL OF NEUTRALS?

If you have at least 15 years of trademark experience, OR ten years of trademark experience and have a degree of certification in mediation / arbitration (issued by a university, chamber of commerce, bar association, respected Alternative Dispute Resolution (ADR) institution or court), OR substantial ADR experience, apply now!

The deadline to apply is October 31, 2007. Please visit www.inta.org/go/adr for more information and the Panel of Neutrals application.

Questions? Please contact Simran Daryanani at sdaryanani@inta.org.
SWITZERLAND

AMERICAN BEAUTY Cannot Be Monopolized

On June 1, 2007, the Swiss Federal Administrative Court refused the application for registration of the trademark AMERICAN BEAUTY in Class 3 because of descriptiveness. BeautyBank Inc. v. Swiss Federal Institute of Intellectual Property, Case B-7406/2006.

The Swiss Federal Institute of Intellectual Property (FIIP) had accepted the word mark AMERICAN BEAUTY in Classes 35 and 44, basically for retail services and beauty care, but rejected the registration for “soaps; perfumery; essential oils; cosmetics; hair lotions; dentifrices” in Class 3 (Swiss Trademark Application No. 56435/2004), because the applicant refused to add a restriction to goods of American origin. The FIIP had considered such restriction necessary in order to avoid consumer deception.

The applicant brought an appeal to the Swiss Federal Administrative Court, which not only rejected the appeal but also modified the FIIP’s reasoning to the applicant’s disadvantage. The Court concluded that the mark AMERICAN BEAUTY could not be registered in Class 3 even if the goods were restricted to goods of American origin, as the term AMERICAN BEAUTY was, in any case, descriptive for the American “lifestyle” (associated, as the applicant itself defined, with a cool, freedom-loving, natural woman, the “pretty girl next door” or “jeans girl”). As a result, the Court rejected the registration of the mark AMERICAN BEAUTY in Class 3 for lack of distinctiveness, distinguishing this mark from the registered trademark HOLLYWOOD SMILE. In 2004, the FIIP had registered HOLLYWOOD SMILE as a fancy and therefore distinctive trademark for goods in Class 3 (Swiss Trademark No. 529343).

This decision of the Swiss Federal Administrative Court is available online in German at www.bundesverwaltungsgericht.ch. It is not yet final.

Contributor: Christoph Gasser, Staiger, Schwald & Partner, Zurich; Verifier: Lorenz Ehrler, Bugnion Ballansat Ehrler, Geneva

TAIWAN

Examination Guidelines on Certification Marks, Collective Trademarks and Collective Membership Marks

Under the current ROC Trademark Act, registration of certification marks, collective trademarks and collective membership marks is available. In order to define the requirements for registration of these special categories of mark, on July 25, 2007, the Intellectual Property Office announced its Examination Guidelines on Certification Mark, Collective Trademark and Collective Membership Mark. The main points of the Guidelines are as follows.

CERTIFICATION MARKS

Certification marks include ordinary certification marks and geographical certification marks. Only a juristic person, an organization or a government agency capable of certifying another person’s goods or services is eligible to apply for registration of a certification mark; an individual may not apply. Documents evidencing the applicant’s eligibility, a declaration certifying that the goods or services to be certified and the rules governing use of the certification mark are required to support the registration.

For a geographical certification mark, the applicant also needs to submit a defined geographical area and the characteristics of the goods or services in relation to the geographical area.

COLLECTIVE MEMBERSHIP MARKS

A collective membership mark is used to identify an organization or membership thereof. Only business associations, social organizations, or other groups of juristic persons capable of controlling the use of the mark are eligible to apply for registration of a collective membership mark. An incorporated foundation, individual, or company may not apply for such a registration. Documents evidencing the applicant’s eligibility and the rules governing use of the collective membership mark are required to support the registration.

PROVISIONS APPLICABLE TO ALL MARKS

The provisions of the ROC Trademark Act regarding trademarks are applicable mutatis mutandis to these special categories of marks, including those provisions prohibiting registration of a non-distinctive or descriptive mark, which is likely to mislead the public with respect to the nature, quality, or place of origin of the goods or services, or likely to cause confusion to the relevant public. The provision of a disclaimer is also available to the non-distinctive or descriptive part of a mark, for example, generic names of goods or services. For geographical certification marks or geographical collective marks, it is not necessary to enter a disclaimer for the geographical name.

Contributor: Joseph S. Yang, Lee and Li, Taipei; Verifier: Su-mei Lee, Deputy Director of Trademark Office, Taiwan IPO
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RUSSIA

Rise and Fall of Article 13 Concerning “Soviet” Trademarks

Federal Law No. 202-FZ “On Vitiating Part Two of Article 13 of Federal Law on Putting into Operation Part Four of the Civil Code of the Russian Federation” was published and went into force on July 28, 2007. This law has effectively cancelled Article 13, one of the most controversial provisions of the forthcoming new Russian IP legislation, the main body of which is expected to be enforced beginning January 1, 2008. The cancelled provision had become effective earlier, on December 22, 2006.

The full text of Article 13 read as follows:

Registration of trademarks and service marks, carried out earlier in the former USSR, shall continue its effect in the territory of the Russian Federation. The validity of this registration may be terminated in the territory of the Russian Federation in the order established in Article 1513 of the Civil Code of the Russian Federation, if the registration conditions stipulated in the legislation that operated as on the date of filing an application were violated and also in the cases, and in the order, established in Item 1 of Article 1514 of the Civil Code of the Russian Federation.

The person who prior to the priority date of a subsequently registered trademark had been manufacturing products under a sign identical to such trade mark, shall retain the right to further use of such sign on the terms of a royalty-free simple (non-exclusive) license to manufacture homogeneous goods, under the condition that such use was carried out in conformity with the then operating legislation and had started before October 17, 1992, that is, before the entry into force of Law of the Russian Federation No. 3520-1 of September 23, 1992 on Trademarks, Service Marks and Appellations of Origin of Goods. This right may pass to another person only by way of universal legal succession.

The provision was initially conceived to cure the seeming injustice relevant to the issue of so-called Soviet trademarks. The commonly used term “Soviet trademarks” embraces signs that during the USSR period had been used without registration by many Soviet enterprises that manufactured products using the same centrally developed recipe or technology and the same brand name. After the breakdown of the USSR, many of such brands got registered as trademarks by one of such users or by an unrelated company, which then enforced its rights against less deft competitors by making them either stop use of the trademark or enter into a license arrangement. The products affected mostly included cigarettes, foodstuffs (notably confectionery) and OTC drugs, although occasionally other types of goods were involved.

Since the old Soviet brands, diluted as they were, proved to have a lot of appeal to Russian consumers, as the goods that carried them were perceived to be of reliable quality and reasonable price and generated some nostalgic sentiment, they became objects of numerous disputes. At first, the balance of wins and losses did not show any clear trend, but later a number of decisions from the highest Russian judicial authorities leaned in favor of registered trademark owners. It also appeared that the volume of disputes was subsiding.

Thus, Article 13’s swift passage through various legislative instances came as an unwelcome surprise to the owners of such trademarks. It is worth noting that through a wave of acquisition and consolidation in Russian industry, a significant number of such Soviet brands came to be owned by major local and multinational businesses.

It did not help either that the provision’s language was quite obscure. Article 13 failed to specify the territory where the prior qualifying use should have taken place. It apparently allowed a company that had long ago ceased using a trademark that was subsequently registered by another party to resume its use of the mark on the basis of a royalty-free license. In addition, Article 13 expanded the allowed use to undefined homogeneous goods. The provision was also silent on the procedure of how such a license could be concluded and what would happen if the trademark owner objected to conditions proposed by the intended licensee.

As a result, Article 13 came under crossfire from all sides. Other than the problems named above and the general stability considerations, one worry of Russian trademark owners was a concern that the provision could lead to the opening of Russian borders for goods bearing the coveted Soviet brands that originated from businesses of the former USSR countries.

While expressing concern regarding the potential issues that Article 13 created for their trademarks, companies at the same time were secretly eyeing the Soviet brands registered by others, and lawsuits with claims aimed at receiving royalty-free licenses began to be brought in Russian courts. It now appears that the new Law No. 202-FZ has reinstated the status quo, demonstrating the legislature’s intent to preserve market stability.

Contributor: Eugene A. Ariewich, Baker & McKenzie – CIS, Limited, Moscow; Verifier: Oxana Pishvanova, Salans, Moscow

INTA Bulletin Board

John Lee, formerly of Fraser Milner Casgrain LLP in Ottawa, Ontario, has joined Research in Motion (RIM) as trademark counsel.

Wendy Riel has joined Fraser Milner Casgrain LLP in Ottawa, Ontario, Canada. She was previously at Ridout & Maybee LLP. Ms. Riel is a member of the International Amicus Committee (Canada and Latin America).

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October 1 – 3, 2007
Trademark Administrators Conference
Long Beach, California, USA

October 1 – 15, 2007
Roundtable: Trademark Prosecution for Lawyers
Various U.S. cities

October 15 – 26, 2007
Roundtable: Tips for Managing the Global Trademark Portfolio
For Trademark Administrators and Paralegals
Various U.S. cities

November 7 – 11, 2007
Leadership Meeting
Orlando, Florida, USA

November 15 & 22, 2007
Roundtable: When Is Deviating Use Deemed Non-Use of a Trademark?
Geneva, Switzerland (November 15 - in French)
Zurich, Switzerland (November 22 - in German)

December 3 – 4, 2007
What's Cooking in Europe? An Advanced Discussion and Critical Review of Trademark Practice, Protection and Enforcement
Lisbon, Portugal

December 3 – 4, 2007
International Trademark Basics
Cambridge, Massachusetts, USA

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International Trademark Association
655 Third Avenue, 10th Floor
New York, NY 10017 USA
+1-212-768-9887 • f: +1-212-768-7796
www.inta.org • info@inta.org

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