INTA Opposes Unlimited Expansion of Internet Top-Level Domain Names

On Tuesday, July 7, 2009, the INTA Board of Directors convened a special meeting to consider a Board resolution setting forth the Association’s position on the creation of new Internet generic top-level domain names (gTLDs) and trademark protection.

The resolution, which the Board adopted unanimously, opposes the current proposal by the Internet Corporation for Assigned Names and Numbers (ICANN) to introduce an unlimited number of new gTLDs to the Internet. It reflects trademark owners’ important interests in the development of the Internet’s domain name system and related policies. The evolution of the domain name system is of special interest because of the impact it has on the ability of trademark owners to protect and promote their trademarks on the Internet.

Many domain name system issues are managed and overseen by ICANN through an ongoing arrangement with the U.S. Department of Commerce’s National Telecommunication and Information Administration. ICANN sets and coordinates global policies for gTLDs and has proposed an expansion from the current 21 gTLDs (such as .gov and .edu) to an unlimited number of new gTLDs.

Expanding the number of gTLDs concerns trademark owners for many reasons, including the potential for trademark infringement and dilution, consumer confusion that may result from a sudden and mass proliferation of top-level addresses, and because current ICANN mechanisms and policies have not been proven effective for protecting trademarks in the current gTLDs and the over 240 country-code domain names.

Given these issues and the likelihood of harm that could result from an unlimited expansion of new gTLDs, the Executive Committee of INTA’s Board of Directors developed a Board resolution setting forth INTA’s views on the proposed expansion. In particular, the resolution expresses INTA’s position that additional gTLDs should not be introduced unless and until the overarching issues identified by ICANN itself—trademark protection, the potential for malicious conduct, Internet security and stability and TLD demand and the economic impact—have been addressed. Furthermore, any expansion of generic domain name space must not be unlimited, but must be responsible, deliberate and justified.

ICANN plans to issue a revised version of its Draft Applicant Guidebook for new gTLDs in September 2009, and will hold its last meeting of the year in Seoul, South Korea in October. INTA will provide input to ICANN, the U.S. Department of Commerce and other interested parties in line with the Board resolution.

The text of the Board resolution on new gTLDs can be found on www.inta.org. If you have questions regarding the resolution, or on ICANN’s proposal for introducing new gTLDs, please contact INTA External Relations Manager Claudio DiGangi at cdigangi@inta.org.

Trademark Offices Propose Harmonizing Specifications

Filing trademark applications for the same mark in many jurisdictions often entails meeting multiple procedural requirements. Practitioners who deal with more than one national trademark office can attest that different countries often have different requirements with respect to matters such as specimens, drawings and signatures.

One area where there is particular lack of uniformity is identifications (or specifications) of goods and services. An identification (ID) that is perfectly acceptable in one trademark office may very well be rejected by another.

A new international effort to bring greater consistency to this area is now underway. One project of the Trademark Triilateral, a strategic cooperation initiative between the Japan Patent Office (JPO), the Office for Harmonization in the Internal Market (OHIM), and the U.S. Patent and Trademark Office (USPTO), is to identify specific IDs that are acceptable in many different national trademark offices.

Continued on Next Page
The Trilateral Partners have already collaborated to compile a list of IDs that are acceptable in each of their respective offices. (See the USPTO’s online Trademark ID Manual. The presence of a “T” alongside an entry in that manual signifies that the JPO, OHIM and the USPTO would each accept the ID if accurate.) In a new effort, announced by USPTO Commissioner for Trademarks Lynne G. Beresford at the June 2009 Trademark Public Advisory Committee meeting, the Trilateral Partners will be extending invitations to other national trademark offices to participate in the project.

National offices that sign on to the project will be provided with a list of all the IDs that are now accepted by the Trilateral Partners. Within 12 months of receiving that list, the national offices will advise the Partners which Trilateral IDs are acceptable in their offices. Additionally, participating national offices may propose additions of their own to the list. Participating countries will also have the option of providing translations of the IDs in their respective national languages, an additional feature of the project that will, it is hoped, increase the usefulness of this ID list.

The USPTO expects that it will eventually post on its website a list that shows which IDs are (and which are not) accepted in which countries, along with any translations submitted for those IDs.

The Canadian Intellectual Property Office (CIPO), the first candidate for the expanded Trilateral ID Project, recently signed a Memorandum of Cooperation with the Trilateral Partners, paving the way for the CIPO to “dock on” to the project. The Partners will soon invite national offices in Asia, Latin America and elsewhere to join as well.

U.S. Commissioner Beresford expressed excitement about the undertaking. “This project will benefit not just trademark owners and practitioners, but national offices as well. Owners and practitioners who seek protection in multiple jurisdictions won’t have to craft individual identifications for each office they deal with. The national offices, for their part, are more likely to see applications with identifications that they accept.”

Lois E. Boland, the director of the USPTO’s Office of International Relations, emphasized the value of communicating and collaborating with foreign IP offices to create efficiencies for IP owners around the world. “I’m very grateful to our colleagues at JPO and OHIM for the wonderful spirit of cooperation with which they have embraced this project and for the work done so far to make it a reality,” Ms. Boland said. “Of course, the USPTO and the other Trilateral Partners look forward to working with our CIPO colleagues and other national offices to provide users even greater efficiencies as they file for protection around the world.”


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Carla Oakley began her legal career as a general litigator, but she was fascinated by the legal and factual issues of intellectual property after working in various trademark, false advertising, copyright, trade secret and patent cases. “I was hooked,” she admits, “and knew where I wanted to focus my energy.” Seeking out IP opportunities whenever possible, Carla has been able to work on cutting-edge developments in IP law. As a partner in the San Francisco, California, USA office of Morgan, Lewis & Bockius, she both litigates and counsels on various aspects of IP law.

Carla has seen the legal landscape change dramatically with the rise of the Internet. As she puts it, “The ease with which content can be created and disseminated electronically and the creative uses of marks (authorized and unauthorized) present tremendous opportunities and challenges for brand owners. These changes have led to a host of issues and split decisions within the U.S. and globally.” Carla regards developing global consistency on these issues, including acceptable balancing between brand protection and fair use, as one of the important goals in trademark law today.

“It was a no-brainer” for Carla to join INTA and its committees because, as she puts it, the Association “has been the ‘go to’ organization for anyone with a serious interest in trademark law for a long time.” Since 1997, Carla has served on numerous INTA committees, including the Legislation and Regulation Committee’s U.S. Subcommittee, the INTA Bulletin Committee and the Parallel Imports Committee. Currently she is co-chair of the Professor Task Force of the Membership Services Committee’s Academic Subcommittee. During her tenure, the Task Force has expanded the membership services and opportunities for INTA’s Professor members and helped to grow the academic membership.

At one time, Carla aspired to be part of an acrobatic skydiving group, and her adventurous spirit has stayed with her. When she is not in the office, in the courtroom or at an INTA meeting, you may find her windsurfing under the Golden Gate Bridge or in the Hawaiian islands. She also golfs, bikes, skis, cooks and is studying Japanese!

Carla also finds time to give back to her community. She served on the board of Larkin Street Youth Services for over nine years. This nonprofit group helps homeless youth exit street life for good by providing education, housing, medical care and counseling. She is now an honorary board member and provides the group with pro bono legal services.

Kim Teraberry is corporate counsel director with the intellectual property group of Starbucks Coffee Company in Seattle, Washington, USA. She was born in the midwestern United States, but she has always had an eye kept on the Pacific Rim.

While pursuing her Bachelor of Arts degree, Kim participated in an exchange program in Yamanashi, Japan. There she worked for a regional retail company and taught English. After returning to the United States, Kim completed her B.A. in International Affairs with a focus on Asia, in the course of which she studied Mandarin. She obtained her law degree in 1992 and is a member of the New York, Connecticut and Washington bars.

After law school, Kim was once again drawn to the Pacific, and in 1995 she headed off to Seattle. Landing there without a job, she began working as a contract attorney at Foster Pepper. Among her responsibilities was the review and auditing of new-client trademark files. The spell was cast! Kim was drawn to trademarks, and she began plowing through reference materials and treatises to learn about the subject.

In 1998, Kim joined the Seattle firm of Riddell Williams as a trademark/IP associate. As the dot-com boom was then at its height, her time was split doing trademark, licensing and dot-com-related work.

In 2001, Kim made the jump to an in-house position and joined the Starbucks IP group, where she specializes in trademark protection and enforcement in the Asia-Pacific market. She received the World Trademark Review’s 2007 Industry Award for the Asia-Pacific Team of the Year. Kim was the Starbucks lead attorney in that company’s widely publicized victory in the Shanghai Xing Ba Ke (Starbucks’ Chinese name) infringement case, which was named by the Supreme People’s Court as one of the Top Ten Cases of 2006.

Kim attended her first INTA Annual Meeting in 2002 in Washington, D.C., and since then has made excellent use of her relationship with the Association. She feels the meetings are an invaluable way for her to connect with her outside counsel to discuss substantive issues or just to touch base. Kim believes that when you know the people with whom you work, you are more effective and efficient and the job is more interesting and fun. In particular, she finds that INTA’s in-house counsel events provide an excellent opportunity to discuss common issues and benchmarks, and to confirm that in many ways all in-house counsel are in the same boat.

An active speaker, Kim recently was chosen to speak to the INTA-sponsored International Brand Development Forum in Beijing, where she led a panel discussion with Chinese brand owners and visited various Chinese IP-related government agencies. Kim also has participated in many other outside speaking engagements, including a U.S. Department of Commerce seminar and a USPTO conference, both of which concerned trademarks in China.

In her spare time, Kim is a volunteer laborer at the Seattle Zoo and is an active fund-raising and marketing committee member for the Potlatch Fund, a Native American nonprofit group. Those two activities encapsulate quite well the life of a strong Midwesterner with a legal degree who loves living on the Pacific Coast!

Rose Hickman Rigole, Hogan & Hartson, LLP, Los Angeles, California, USA, INTA Bulletin Features—Members, Benefits & Services Subcommittee

Carla Oakley

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In the United States, under Section 15 of the U.S. Trademark (Lanham) Act, a Declaration of Incontestability may be filed at any time beginning five years after the registration date. But what exactly is “incontestability,” anyway? Is it really necessary to file the Declaration (and incur costs) in order to gain the benefits? Are there risks to the registration associated with filing the Declaration? As discussed below, the answers to these questions can be tricky, even for U.S. trademark practitioners.

What are the requirements for claiming incontestability?

Under Section 15 of the Lanham Act, a claim of incontestability is available when (1) there has been no final decision adverse to the registrant’s claim of ownership or right to register the mark, (2) there is no such proceeding pending, (3) it is within one year of any five-year period of continuous and consecutive use subsequent to the date of registration and (4) the mark has not become generic. The first two prongs typically are easy to answer. Whether there has been any nonappealable decision invalidating the registration or whether there is any pending proceeding challenging the validity of the registration is usually clear. The fourth prong is likewise not often an issue, as few marks are genericized. It is the third prong that is often the most difficult one to answer and the question that requires close consultation between the practitioner and the registrant. It is easy to overlook the basic requirement that use must be continuous and consecutive over the relevant five-year period.

One of the reasons why such a basic requirement is frequently overlooked may result from the distraction inherent in combining the Declaration of Incontestability along with the Declaration of Use under Section 8 of the Lanham Act. The claims often are combined because the opening dates to file the respective declarations coincide. In order to maintain a U.S. trademark registration, a Declaration of Use must be filed between the fifth and the sixth year after registration. The earliest time to file the Declaration of Incontestability is five years after registration. As a result, the declarations often are bundled together.

Registrants should also be wary of practitioners who do not inquire into whether the requirements of Section 15 have been met separate and apart from the requirements of Section 8 when the two declarations are combined. In particular, to substantiate a claim of incontestability, it is necessary for the mark to have been used continuously in the United States for each and every separate item claimed in the Declaration of Incontestability for five consecutive years. The difficulty in confirming that this requirement has been met when the registration contains a lengthy list of goods and/or services is just one of the reasons that may argue in favor of narrowly identifying the goods and services when filing an application for registration.

It is important for registrants and their counsel to remember that the Declaration of Incontestability can be filed any time commencing five years after registration when the conditions of Section 15 of the Lanham Act have been met. Be wary of the practitioner who states that the Declaration of Incontestability is “due” by any date. There is no deadline to file the Declaration.

In deciding whether even to file the Declaration of Incontestability, the registrant should also consider the costs. The official fee to file the Declaration of Incontestability is twice as much as the fee to file the Declaration of Use. The former costs US $200 per class, while the latter costs only $100 per class.

The Declaration of Incontestability need be filed only once in order to claim its benefits. In contrast, the Declaration of Use, in addition to the initial filing between the fifth and the sixth year after registration, must be filed on every tenth anniversary of registration. On the other hand, the higher cost incurred in filing the Declaration of Incontestability may be amortized over the duration of the registration.

No proof of incontestability is required, and the claim to incontestability is not examined. As a result, the filing of the Declaration of Incontestability is merely “acknowledged” by the U.S. Patent and Trademark Office (USPTO). By contrast, the Declaration of Use requires submission of a specimen of use, which is examined at the USPTO. Deficiencies in the specimen result in issuance of a Post Registration Office Action requiring a response. In some respects, then, the Declaration of Incontestability is less complicated to file than the Declaration of Use.

What are the benefits of claiming incontestability?

Incontestability shields a registrant from certain challenges to the validity of a mark, notably challenges based on descriptiveness. These include challenges that (1) the mark merely describes the goods or services, (2) the mark is descriptive because it is primarily merely a surname, and (3) the mark is descriptive because it is a geographic place name that will immediately convey a goods-place or services-place association in the minds of consumers.

Despite the name, incontestability does not provide the registration with a complete shield against attack. Registrations are subject to cancellation at any time based on any of the following: (1) genericness; (2) functionality; (3) abandonment; (4) fraud on the USPTO; (5) immorality, deception or scandalousness; (6) disparagement; (7) false suggestion of a connection; (8) geographical indications on wines or spirits meeting certain requirements; (9) representation of a flag or coat of arms of any nation; or (10) representation or name of a living person without his or her consent or of a deceased president without the consent of his widow. So the shield of incontestability has been likened to the proverbial armor made of Swiss cheese rather than a coat made of metal.

But infringers often are not aware of the infirmities that may attend even an incontestable registration. As a result, the biggest benefit from claiming incontestability may be in providing the registrant with the ability to say so in a cease and desist or other objection letter. Stating that a registration is active, valid, in full force and effect and “incontestable” may scare the recipient of the letter into giving up on the thought of attacking the registration without ever even exploring any of the many grounds for cancellation that survive incontestability.

Is it necessary to file the declaration in order to claim the benefits of incontestability?

A registrant enjoys certain protections against cancellation beginning five years after registration even without filing the Declaration of Incontestability. Subject to the grounds of cancellation at any time listed above, Section 14 of the U.S. Trademark Act states that an action for cancellation of a registration may be brought “within five years from the date of the registration of the mark.” By implication, the registrant is automatically shielded from cancellation actions filed five or more years from registration under Section 14.
without ever filing the Declaration of Incontestability under Section 15.

However, the five-year statute of limitations period set forth in Section 14 only applies in cancellation actions before the Trademark Trial and Appeal Board of the U.S. Trademark Office. It does not apply in a federal court action. Therefore, filing the Declaration under Section 15 is necessary in order to invoke incontestability as a defense to an action for trademark infringement in federal court.

Are there any risks in filing a Declaration of Incontestability?

A frequent topic of discussion among trademark practitioners these days is the stringent application of the doctrine of fraud on the USPTO. The doctrine most commonly comes up in the context of filing the Section 8 Declaration of Use when the Declaration is overbroad and covers goods or services not currently provided under the mark in the United States. Although the doctrine is old, it received a substantial amount of attention from the USPTO’s Trademark Trial and Appeal Board (TTAB) in Medinol Ltd. v. Neuro Vasx, Inc., 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003).

Even before Medinol, though, the doctrine of fraud had been applied to false claims of incontestability. In Mister Leonard, Inc. v. Jacques Leonard Couture, Inc., 23 U.S.P.Q.2d 1064 (T.T.A.B. 1992), the registrant owned a registration of the mark LEONARD, covering various women’s clothing items as well as “bathing costumes for men.” The registrant filed a combined Section 8 and 15 Declaration covering all the goods in its registration, despite having admitted in an earlier case that it did not sell men’s clothing. Concluding that the false statement was material and made knowingly, the TTAB stated, “we find that, as a matter of law, registrant committed fraud on the PTO in connection with the Section 15 portion of its combined Section 8 and 15 declaration,” and it cancelled the registration.

To avoid the risk of a fraud challenge, the practitioner should consult with the client to make sure that all the use requirements have been met. Any specific goods or services that have not been continuously provided under the mark in the United States for the prior five consecutive years should not be included in the Declaration of Incontestability when filed. Happily, the USPTO’s electronic filing system allows for the filing of a partial Section 15 Declaration.

Conclusion

The time seems ripe for another TTAB decision addressing fraud in incontestability claims. It has been over 15 years since the last such decision by the Board. Just as Medinol served as a wake-up call to practitioners to pay close attention to claims of use, a new decision by the Board would shine a bright light upon those who gloss over the requirements in claiming incontestability.

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**CHILE**

**Supreme Court Grants Second Annulment Appeal in Trademark Matter**

Further to the article “Chilean Supreme Court Accepts First Annulment Appeal in a Trademark Matter,” *INTA Bulletin*, Vol. 63, No. 15 (July 15, 2008), the Chilean Supreme Court, on May 26, 2009, rendered a favorable decision in another annulment appeal (recurso de casación en el fondo) in a trademark dispute, marking just the second time the Court has granted this type of appeal since it became available in connection with trademark matters in 2005.

The annulment appeal first became possible when the Chilean Industrial Property Law (Law No. 19,039 of January 24, 1991) was modified in 2005. It can be used when a decision by the second instance Industrial Property Court (CIP), a special court that decides appeals filed against first instance decisions rendered by the National Institute of Industrial Property (INAPI), contains errors of law that substantially affect the dispositive portion of the decision. Before 2005, it was possible to appeal to the Supreme Court in trademark cases only via a complaint appeal (recurso de queja), which required proof of the existence of serious abuses by the second instance judges.

In this particular matter (Supreme Court No. 4851-07), Empresa Nacional del Petróleo filed a trademark application for the word and design mark DIESEL CIUDAD PLUS, to distinguish a commercial establishment for the sale of goods in all classes. The application was partially rejected in connection with some goods, on the ground that the applied-for mark was confusingly similar to Diesel SpA’s trademark DIESEL. The Supreme Court found that the earlier decisions of the CIP and the INAPI, partially rejecting the application on the ground that the mark was deceitful or likely to induce error, were not based on any concrete facts established in the proceedings, and thus there were no grounds for partially refusing the application on the legal provisions cited.

Through this decision, as well as others issued in recent months that rejected annulment appeals, the Supreme Court has been setting guidelines concerning the legal grounds on which annulment appeals should be based. This marks a significant departure from the Court’s previous stance, in which the appeals had been refused up front.

Contributor: Alfredo Montaner, Sargent & Krahn, Santiago;
Verifier: Francisco J. Silva, Silva & Cia., Santiago,

**TAIWAN**

**Court Awards Over NTD 2 Million in Compensatory Damages for Trademark Infringement**

On October 23, 2008, the Taiwan Pingtung District Court ruled in favor of the registrant, Chao Neng Biotechnology Company, in a trademark infringement lawsuit against He Yi Biotechnology Company (Case 97I/No. 1, Oct. 23, 2008) involving the trademarks CHU LU MILK and CHU LU RANCH.

Chao Neng, which owns the management rights to Chu Lu Ranch in Taitung County, charged He Yi with infringing its trademarks CHU LU MILK and CHU LU RANCH, for milk and dairy products. He Yi used the brand name “Taitung Chu Lu Milk” on other milk and dairy products without Chao Neng’s consent or authorization, which, the plaintiff argued, was a clear infringement of its registered trademarks. Chao Neng further asserted that the inferior quality of He Yi’s products would harm its goodwill. As compensation, it requested NTD 3 million for damages caused by the trademark infringement.

In rebuttal, He Yi argued that CHU LU was a descriptive mark devoid of any secondary meaning, which meant it was ineligible for trademark registration. However, the court affirmed Chao Neng’s assertion that its trademarks were famous, having acquired secondary meaning and thus become acceptable for registration. It held that because He Yi’s brand name was similar to Chao Neng’s trademarks, He Yi undeniably infringed those trademarks. As a result, considering the defendant’s scope of business, the court set the damages at NTD 2.01 million.

The decision is subject to further appeal.

Verifier: Tzu-Nan Huang, Secure International Patent & Trademark Office, Taipei

**LIBYA**

**Ministerial Authentication Procedure Cancelled**

In June 2008, the Libyan Trademarks Office issued a regulation requiring all documents lodged with the Office when filing trademark applications to be signed by the trademark owner, notarized by a notary public, legalized by the Libyan Consulate and authenticated by the Ministry of Foreign Affairs.

As authentication by the Libyan Ministry of Foreign Affairs proved to cause slight delays in the filing procedures, this regulation has now been cancelled, with effect from June 1, 2009.

Therefore, authentication of documents by the Libyan Ministry of Foreign Affairs is no longer a requirement for filing trademark applications in Libya. All that is required is a power of attorney signed by the trademark owner, notarized and legalized by the Libyan Consulate in the applicant’s home country, as well as an extract of the entry of the applicant company in the Commercial Register, also legalized up to the Libyan Consulate.

This has also led to the reduction in the official fees for lodging documents.

Verifier: Nader Qumsieh, NJJQ & Associates, Tripoli, Libya
EUROPEAN UNION

Not All Penguins Look Alike, Says OHIM

On May 20, 2009, the Opposition Division of the Office for Harmonization in the Internal Market (OHIM) affirmed that there was no likelihood of confusion between trademarks representing penguins because the visual comparison, which must prevail, showed striking differences between the devices.

Perry Ellis International, Inc. lodged an opposition against a Community trade mark (CTM) application (Application No. 5052949) on the basis of its three earlier-registered device CTMs covering goods in Classes 18 and 25 or Class 25 only. Each of these earlier marks represented one penguin wearing a shirt, with the head looking slightly to the left and spread wings. The contested trademark consisted of a penguin with its head turned to the right, a spread flipper on the left and the flipper on the right being rested on its body. The edges of the drawing were black, with parts of white spirals represented inside.

The Opposition Division found most of the products and services to be identical or similar. With regard to the comparison of the signs, the mere fact that they both included the image of a penguin was not regarded as being per se sufficient to find them visually similar.

OHIM pointed out several differences between the drawings. The head and wings had a different position. The eyes and beaks were dissimilar in size and representation. The edges and traces of the drawings also differed. The legs were split differently and were a different size. The penguins in the earlier trademarks wore a shirt, contrary to the penguin in the CTM application, which did not.

When making its global assessment, OHIM pointed out that any aural or conceptual similarity arising from the fact that the marks at dispute reproduced the image of a penguin would be coincidental and, in any event, not sufficient to counterbalance the predominant visual differences. It added that in clothing and footwear shops, the choice of the item generally is made visually regardless of whether the customers wish to buy the products either by themselves or while being assisted by the sales staff.

This decision goes against the CFI ruling of December 14, 2006, which compared visual and conceptual similarities between representations of a deer’s head. It also contradicts the European Court of Justice’s decision of July 17, 2008, which confirmed likelihood of confusion between two representations of firs because they were found to carry the same intellectual idea.

The OHIM decision shows that a particular treatment applies when comparing trademarks covering clothing products. This decision is in line with the Community case law giving prevalence to the visual level of comparison over the other levels of comparison. The analysis applied to the penguin representations could have been different if products or services other than in relation to clothing had been involved.

Contributors: Franck Soutoul and Jean-Philippe Bresson, Inlex IP Expertise, Paris, France; Verifier: F. Peter Müller, Müller Schupfner & Partner, Munich, Germany, INTA Bulletin Law & Practice—Europe & Central Asia Subcommittee

KOREA

Retroactive Effect of Invalidation Decisions Against Senior Registrations

On April 30, 2009, the Constitutional Court of Korea issued its decision nullifying Article 7(3) of the Trademark Act.

Article 7(3) of the Act provided that Articles 7(1)(vii) (rejection on grounds of applied-for mark’s similarity to a prior-registered mark) and 7(1)(viii) (rejection on grounds of applied-for mark’s similarity to a prior-registered mark that was deregistered within one year of the filing of the junior application) should be applied even when the prior registration cited against the application had been invalidated.

Based on this provision, a junior trademark application could not overcome the rejection ground (i.e., Article 7(1)(vii)) based on the applied-for mark’s similarity to a senior mark that was duly registered as of the application date, even though the senior registration was finally invalidated afterward. On the other hand, a junior application can overcome the rejection ground (i.e., Article 8(1)) based on the applied-for mark’s similarity to a senior mark that is the subject of a pending application as of the date of application for the junior mark, which then proceeds to registration but subsequently is invalidated. Further, under Article 7(1)(viii), a junior application should be rejected or invalidated based on similarity to a prior registration that was invalidated within one year of the application date for the junior mark, if there are no special circumstances that allow immediate filing. Thus, Article 7(3) had been criticized by trademark practitioners, as it contradicted the purported retroactive effect of invalidation decisions and the principle of judicial economy.

The Constitutional Court found that Article 7(3) infringed the rightful junior applicant’s property and occupational freedom without justifiable reason, while contributing little to the underlying goals of the Trademark Act (i.e., prevention of consumer confusion as to identical or similar marks). Therefore, it ruled that Article 7(3) be invalidated, effective April 30, 2009.

Accordingly, a pending junior trademark application or potential application can now proceed to registration even if there is a senior trademark registration invalidated within the one-year period prior to the filing of the junior application or valid at the time of the application but invalidated thereafter.

Revised Official Fees for Trademark Matters


The new regulation includes several major changes to the official charges for trademark prosecutions, as set forth below.

(100,000 Indonesian Rupiah (IDR) = US $9/ €7.)

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Fee</th>
<th>New Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing new trademark application (for maximum 3 items in the specification of goods/services)</td>
<td>IDR 450,000</td>
<td>IDR 600,000</td>
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<tr>
<td>Additional fee (per item) for filing application for trade or service mark that exceeds 3 items in the specification of goods/services</td>
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<td>IDR 50,000</td>
</tr>
<tr>
<td>Renewal of trademark registration</td>
<td>IDR 1,500,000</td>
<td>IDR 2,000,000</td>
</tr>
<tr>
<td>Filing opposition</td>
<td>IDR 100,000</td>
<td>IDR 500,000</td>
</tr>
<tr>
<td>Filing appeal against refusal of trademark application</td>
<td>IDR 1,000,000</td>
<td>IDR 2,000,000</td>
</tr>
<tr>
<td>Issuance of Certificate of Registration</td>
<td>N/A</td>
<td>IDR 100,000</td>
</tr>
<tr>
<td>Recording trademark owner’s change of name or address</td>
<td>IDR 150,000</td>
<td>IDR 300,000</td>
</tr>
<tr>
<td>Recording assignment or merger</td>
<td>IDR 375,000</td>
<td>IDR 500,000</td>
</tr>
</tbody>
</table>

Increased Charges and Introduction of New System

From the table it can be seen that most of the official charges for trademark prosecutions have increased. The most significant increases are in relation to the official charge for filing a Notice of Opposition, which has increased by 500 percent, and the official charge for requesting an excerpt of a priority document of an application, which has increased by 450 percent. Meanwhile, the official charge for filing an appeal against a trademark refusal has doubled. Official charges for filing a trademark renewal application, recordal of license and recording an assignment or merger have increased by a third.

A very significant revision in the Indonesian trademark practice has also been made in relation to charges for filing new trademark applications. With the implementation of Government Regulation No. 38 of 2009, the official charge for filing a new trademark application is no longer calculated on a lump sum basis. The new regulation introduces a provision that specifies that the official charge of IDR 600,000 includes only three items in the specification of goods and services. If an application is filed for more than three items in the specification, an additional fee of IDR 50,000 per item will apply.

In addition, the Regulation imposes an official charge of IDR 100,000 for the issuance of a Certificate of Registration. This new charge will apply only to Certificates of Registration issued from June 3, 2009, onward; for Certificates of Registration issued before June 3, there will be no official charge.

CHILE

Marks with a Design Element Require Registration as Trademark, Not Slogan

On April 1, 2009, the Chilean Intellectual Property Court of Appeals reversed a decision issued in the first instance by the Chilean Industrial Property Department (the National Institute of Industrial Property, or INAPI), which had rejected registration of the trademark SOMOS LOS QUE TIENEN VTR & Design (Application No. 808832) because it was filed as a design mark rather than as a slogan. (Somos los que tienen VTR means “We are the ones who have VTR.”)

According to Article 19 of the Chilean Industrial Property Law (Law No. 19,039), slogans can be registered “provided they are combined or associated with a registered trademark for the product, service or commercial or industrial establishment for which they are to be used.” However, according to Article 23 of the Law, slogans must be registered as word marks, which means they cannot contain any design element.

The INAPI rejected registration of SOMOS LOS QUE TIENEN VTR & Design based on Article 19 and Article 20(e) and (f) of the Industrial Property Law, finding that the mark as filed constituted a slogan.

The IP Court of Appeals reversed the INAPI’s decision, stating that “the requested trademark could not have been filed as a slogan because it is a design,” in conformity with Article 23. Additionally, the court found that “as a whole, the trademark [was] sufficiently distinctive for its placement in the market without being misleading or inducing error.”

This decision reaffirms that certain marks, even though they may be structured as slogans, as in this particular case, cannot be registered as such because of the existence of design elements.
**MALAYSIA**

**McCurry vs. McDonald’s: Passing Off, the Common Law and Procrustean Beds**

For Mr. Suppiah, the troubles began in 1999. He runs a local mom-and-pop roadside diner in Kuala Lumpur that sells Malay and South Indian food, such as roti canai, curries and nasi briyani. His staff does not wear uniforms, and his restaurant is cooled by ceiling fans, not air conditioning. He called his restaurant McCurry, which, he claims, was an abbreviation for Malaysian Chicken Curry.

McDonald’s Corporation sued Mr. Suppiah for the English common law tort of passing off. The case has been closely followed by both local and international media, which have billed it as a battle between David and Goliath.

In 2006, the trial court held in favor of McDonald’s, applying the classic “holy trinity” test for passing off—goodwill, misrepresentation and damage. McDonald’s had created a family of marks under the “Mc-” prefix by selling various food items (e.g., McChicken, McNuggets) and providing restaurant services (e.g., McDonald’s, McCafe). Consequently, consumers would associate McCurry with the plaintiff, thus causing damage to McDonald’s. Although the word “dilution” was not used, it seems to be the implicit reason for the trial court’s conclusion. Mr. Suppiah duly removed the lowercase “c” from his signboard and began trading as M Curry.

However, McDonald’s victory was short-lived, as the trial court’s decision was overturned by the Court of Appeal in April 2009. Justice of Appeal Gopal Sri Ram (who has since been elevated to the final court of appeal in Malaysia) delivered a scathing 18-page judgment, saying that there had been “a serious misdirection which ha[d] resulted in a miscarriage of justice.”

The Court of Appeal felt that it was not bound by strictures of the “holy trinity” test because the common law “does not rest upon a Procrustean bed.” In any event, it went on to discuss the essential features of the tort—that is, goodwill, misrepresentation, damage—and found that there was no misrepresentation. McDonald’s get-up (trade dress) consists of a distinctive golden-arched “M” with the word “McDonald’s” against a red background. In contrast, the defendant’s signboard says “Restoran McCurry,” with the lettering in white and gray on a red background and with a drawing of a cartoon chicken giving a double thumbs up and the words “Malaysian Chicken Curry.” None of the items on McCurry’s menu carried the “MC-” prefix. The type of food sold and the customer base were “very different.” Following the reasoning of the London High Court in Yuen Yu Kwan Frank v. McDonald’s Corp. (the McCHINA case), Justice Sri Ram said: “Where the learned judge, with respect, erred is to assume that McDonald’s had a monopoly in the use of the prefix ‘Mc’ on signage or in the conduct of business. It was not clear whether McDonald’s customers were lost to McCurry because they were actually misled, or whether this was likely in the future. The damage, presumably, was confined to the detrimental association with and dilution of the McDonald’s brand. McDonald’s is widely expected to appeal to the Federal Court, which is the final court of appeal in Malaysia.

**COLOMBIA**

**Madrid Protocol Successful in First Senate Debate**

On June 17, 2009, in its first debate, the Second Commission of the Senate approved Government Bill No. 277 of 2009, which addresses Colombia’s adhesion to the Madrid Protocol.

The Commission concluded that the Protocol is a valuable tool that will strengthen and aid Colombian national companies as they integrate into the global market.

The Bill will need to pass three more debates before it can be handed over to the president to be signed. After this, the Bill will become effective, and Colombia will be a signatory to this important treaty.

**VENEZUELA**

**Registrar Publishes Article Criticizing IP Laws**


Among other things, Ms. Rivero criticizes intellectual property law as “a mechanism used by large capital to dominate the most deprived sectors of the world’s people” and a “monster.”

The full article is available in Spanish at www.aporrea.org/tecno/a76853.html.
MOSKOVSAYA Not Necessarily Geographically Misdescriptive

On April 29, 2009, the U.S. Court of Appeals for the Federal Circuit unanimously ruled that the Trademark Trial and Appeal Board (TTAB) of the U.S. Patent and Trademark Office (USPTO) wrongly upheld the denial of an application (Serial No. 74382759) to register the mark MOSKOVSAYA for use with vodka. In re Spirits International, N.V., 563 F.3d 1347 (Fed. Cir. 2009). The TTAB had agreed with the USPTO examining attorney that MOSKOVSAYA, which in Russian means “of or from Moscow,” was geographically misdescriptive.

Spirits International B.V. filed an intent-to-use application in 1993 to register the mark MOSKOVSAYA for vodka that was not “manufactured, produced, or sold in Moscow.” In 2006, after a lengthy prosecution process that involved suspension pending the disposition of three applications for similar marks, the USPTO examining attorney issued a final refusal of the application on the grounds of geographic misdescriptiveness. Noting the significance of the mark in Russian as meaning “of or from Moscow,” the examining attorney concluded that because (1) many people think Russian vodka is superior to vodkas from other countries and (2) some people would have the mistaken belief that MOSKOVSAYA vodka comes from Moscow, consumers would be more likely to purchase that brand of vodka.

In affirming the examining attorney’s decision, the TTAB listed the following as the requirements for establishing a prima facie case that a mark is primarily geographically misdescriptive of the relevant goods:

1. The mark’s primary significance is a generally known geographic location;
2. The relevant public would be likely to believe that the goods originate in the place named in the mark, when in fact the goods do not come from that place; and
3. The misrepresentation is a material factor in the consumer’s decision.

The TTAB found that the MOSKOVSAYA mark easily met the first two prongs of the test. It then determined that because the mark would deceive Russian speakers, who could translate the meaning of the mark as “of or from Moscow,” MOSKOVSAYA met the materiality requirement.

Finally, the TTAB held that deceiving only the Russian-speaking population of the United States was enough for the mark to be materially deceptive: “It is never necessary to show that all, or even most, of the relevant customers would be deceived. All that is required is a showing that some portion of relevant customers will be deceived.”

Spirits International appealed the TTAB’s decision.

In reaching its conclusions the Federal Circuit considered whether a substantial number of potential customers would be influenced in their purchasing decision if they believed that MOSKOVSAYA brand vodka came from Russia. After thorough analysis of the doctrine of foreign equivalents and the history of its interpretation, the court indicated materiality as the deciding factor and opined that “a prima facie case of materiality [exists if there is] some indication that a substantial portion of the relevant consumers would be materially influenced” to buy a product or service based on the mark’s geographic meaning. The court noted that only one-quarter of one percent of the U.S. population speaks Russian; such a low percentage, on its own, was not large enough, the court held, to constitute a substantial portion of the population.

However, the court stated that if Russian speakers make up a higher percentage of the vodka-consuming public in the United States and if some number of non-Russian speakers would understand the MOSKOVSAYA mark as suggesting that the vodka comes from Moscow, those groups together might constitute a substantial portion of the intended audience for purposes of the materiality requirement. The court remanded the case to the USPTO for the TTAB to analyze the mark under the correct legal test for material deception.

Deadline for Payment of Fees

On July 1, 2009, by Ministerial Decision No. 360 of 2009, the United Arab Emirates Minister of Economy issued a deadline for the payment of trademark publication and registration fees.

According to the decision, trademark publication fees must be paid within 30 days of informing the applicant of acceptance of the trademark application.

If any additions or amendments are to be made to the trademark in a way that does not affect or change its essence, the publication fees must be paid within 30 days of informing the applicant of acceptance of the amendments or additions.

The ministerial decision also requires payment of registration fees within 30 days starting from the date on which the opposition period expires or from the date on which the applicant is notified about the decision made in respect of an opposition, unless such a decision is appealed or challenged.

The ministerial decision was published in the Official Gazette and became effective on the date of its issue, July 1, 2009.
Fraud Claim Brought Too Late in TTAB Proceedings

In a precedential opinion, the U.S. Patent and Trademark Office’s Trademark Trial and Appeal Board (TTAB) recently denied an opposer’s request to amend its notice of opposition to add a fraud claim on the date the opposer’s trial brief was due. Morgan Creek Products, Inc. v. Foria International, Inc., Opposition No. 91173806 (TTAB June 11, 2009).

Opposer Morgan Creek Productions is in the business of film production and distribution. Over the last 20 years, Morgan Creek has produced films, including Last of the Mohicans and Man of the Year. It holds federal registrations for the mark MORGAN CREEK & Design, for prerecorded motion picture films and videos and pre-recorded phonograph records and related goods. Morgan Creek opposed registration of the used-based application for the word mark MORGAN CREEK OUTFITTERS, for various clothing items, filed by Foria International, on grounds of likelihood of confusion.

After the close of both parties’ testimony periods and on the day Morgan Creek’s trial brief was due, Morgan Creek filed a motion to amend its notice of opposition to add an allegation of fraud, on the basis that the issue of fraud was tried by the “implied consent of the parties.” Morgan Creek claimed that Foria did not use its mark on dress shirts, which were listed in the identification of goods in the application. The TTAB held that the only issue for consideration in Morgan Creek’s motion to amend was whether the issue of fraud had been tried by express or implied consent of the parties.

Morgan Creek learned of the potential fraud issue during cross-examination of Foria’s testimony witness, in an exchange the TTAB described as acrimonious. Morgan Creek’s counsel asked a number of questions about dress shirts, which were listed in the identification of goods in the application. The TTAB held that the only issue for consideration in Morgan Creek’s motion to amend was whether the issue of fraud had been tried by express or implied consent of the parties.

In denying the motion to amend the pleadings to add a claim of fraud, the TTAB noted that “whether an issue was tried by consent is basically one of fairness.” Here, there was a question as to whether Foria’s counsel understood that the cross-examination of its testimony witness was to be the entire evidence on the issue of fraud. The TTAB went on to find there was no likelihood of confusion, and it dismissed the opposition.

As a practice pointer, if timely raised, a motion to amend the notice of opposition may be based on newly obtained information.

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EARLY REGISTRATION ENDS NOVEMBER 2, 2009.

Contributor: Leigh Ann Lindquist, Sughrue Mion, PLLC, Washington, D.C., INTA Bulletin Law & Practice—Americas Subcommittee
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September 14 – 25, 2009
Various U.S. cities

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Chicago, Illinois, USA

Leadership Meeting
November 11 – 14, 2009
Miami Beach, Florida, USA

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