Colombia Prepares for Accession to the Madrid Protocol

On July 12, 2010, INTA contacted authorities in Colombia to learn about that country’s accession to the Madrid Protocol. Gustavo Valbuena Quinones, Head of the Superintendence of Industry and Commerce, responded to the Association’s questions:

What can the trademark community expect in relation to Colombia’s accession to the Madrid Protocol?

For the Government of Colombia, the motive driving Colombia’s accession to the Madrid Protocol is the need to provide business owners with a mechanism by which they can access international markets and gain optimum benefits offered by free trade agreements.

To this end, the government of Colombia introduced to Congress legislation in favor of the Madrid Protocol. If not approved during the current legislature, due to formalities of terminology in the process, the proposal is expected to be reintroduced in the upcoming legislature.

Parallel to the process of accession, the Superintendence is preparing its office operations and legal framework, and training its personnel to adequately provide Colombian business owners the services required for the registration of trademarks abroad, while building capacity for new applications that will be presented via the Protocol.

Unpredictability Regarding Approval of Pharmaceutical Brand Names Continues Unabated

Pharmaceutical companies continue to face uncertainty in their efforts to clear brand names for use in key markets. Securing approval of a proposed brand name as a trademark is only a fraction of the work involved. As part of the marketing approval process, health regulatory authorities may also review the acceptability of proposed brand names for medicines. Health regulatory requirements are mounting, not receding, and a “no” from health authorities trumps the trademark registration process. With health regulatory refusal of brand names at rates between 30 and 50 percent, the only safe prediction is that costs, in terms of money and time expended, will continue to mount for brand owners. This article highlights key developments in the United States, Canada and the European Union that have an impact on the ongoing hope for greater predictability in the pharmaceutical brand search game.

United States

In its review of proposed brand names over the past decade, the U.S. Food and Drug Administration (FDA) has become increasingly focused on the review of proposed brand names from a safety perspective, its goal being to avoid approving a trademark that might, in its view, contribute to a medication error. This heightened focus triggered a roller coaster of look-alike and sound-alike (LA/SA) trademark scrutiny, much of which revolved at the outset around the FDA’s use in its approval process of a computer analysis intended to identify trademarks with phonological or orthographic similarities (POCA). This added to the industry’s confusion and consternation regarding how one might select a trademark that would pass muster with the FDA. Since the heightened scrutiny began, a decade ago, the FDA’s name rejection rate has been about 30 percent.

In a purported effort to increase transparency and to assist industry members in selecting trademarks that they can reasonably predict will be acceptable from a regulatory perspective, the FDA recently instituted a pilot program embracing the participation of the pharmaceutical industry. This program can be traced back to the September 27, 2007, reauthorization and expansion of the Prescription Drug User Fee Act (PDUFA IV).

Part of the reauthorization included a couple of key FDA goals. One was to impose user fees to implement measures to reduce medication errors the FDA said were related to, among other
Colombia Prepares for Accession to the Madrid Protocol

Are business owners in Colombia familiar with the Madrid Protocol and the advantages offered or are further efforts needed?

Great effort has been made to distribute information in relation to IP regimes and their use, particularly information about the international registration system under Madrid. The impact has been quite positive, as business owners have gained greater understanding, but we still need to continue our work on this front.

Is this an international treaty Colombia should later accede to (by 2020) as established in the EU-Colombia trade agreement?

Independently from the obligations established in the free trade agreement with the United States and with other trade deals such as the one subscribed with the EU, for the Government of Colombia the initiative calling to adhere to the Protocol comes from the desire to support our business owners in their international efforts through a mechanism that would facilitate the registration of trademarks in other countries. We are confident that in the short term our business owners will have an alternative and an option other than the traditional form available in Colombia for the protection of brands.

Welcome New Members

A.M.P.A.S., Beverly Hills, CA, USA; Adli Law Group P.C., Los Angeles, CA, USA; Associated Foreign Exchange, Inc., London, UK; Cabanelas, Etchebarne, Kelly & Dell’Oro Maini, Buenos Aires, Argentina; Che-Ken & Co Sarl, Douala, Cameroon; DAHL Law Firm, Herning, Denmark; David Clarke, Ottawa, ON, Canada; Dayup Intellectual Property Co., Ltd., Beijing, China; Dinse, Knapp & McAndrew, P.C., Burlington, VT, USA; Dominion Enterprises, Norfolk, VA, USA; ECTA, Brussels, Belgium; EverBank Financial Corporation, Jacksonville, FL, USA; Florek & Endres PLLC, New York, NY, USA; Gomez-Acebo & Pombo Abogados, Barcelona, Spain; Greenberg Traurig, LLP, Denver, CO, USA; IFFCO, Sharjah, UAE; Intellectual Property Protection Organisation (IPPO), South Melbourne, VIC, Australia; International Licensing Industry Merchandisers’ Association (LIMA), New York, NY, USA; International Trademark World, Jeddah, Saudi Arabia; JT International, Brussels, Belgium; Klehr Harrison Harvey Branzburg, Philadelphia, PA, USA; Latinoamericana de Marcas y Patentes, Lima, Peru; Law Office of Heather Balmat, Richmond, VA, USA; Masco Corporation, Taylor, MI, USA; Michaud-Kinney Group, Middletown, CT, USA; Mottet & Associés, Paris, France; Name Depot.com, Inc., Sunnyvale, CA, USA; Nunes Scholefield DeLeon & Co., St. Andrew, Jamaica; Oakland Law Group, PLLC, Farmington Hills, MI, USA; OlsonAllenby Legal, Bridgetown, Barbados; Oppenheim Patent Law Firm LLC, Dillon, CO, USA; Pacific Rim Advisory Council, Toronto, ON, Canada; Partridge IP Law P.C., Chicago, IL, USA; Patentwerk BV, Hertogenbosch, Netherlands; Patrick Miranda co. (asia) pte. ltd., Pasig City, Philippines; Polo Ralph Lauren Asia Pacific Limited, Kowloon, Hong Kong; Raytheon Company, Tewksbury, MA, USA; Regent Law Firm, Guangzhou, China; Rhine Ernest LLP, Evansville, IN, USA; Rudor Ware, L.L.S.C., Wauwat, WI, USA; Saah Partners, Accra, Ghana; Sherr & Vaughn, PLLC, Herndon, VA, USA; Stears Weaver Miller Weissler Alhadeff & Sitterson, PA., Fort Lauderdale, FL, USA; Stewart McKelvy, Halifax, NS, Canada; Tetra Pak Inc., Vernon Hills, IL, USA; The GigaLaw Firm, Atlanta, GA, USA; Thompson Hine LLP, Cincinnati, OH, USA; Unicharm Corporation, Tokyo, Japan; UnitedLex Corporation, Gurgaon, India; Vistaprint, Lexington, MA, USA; VMG Partners, LLC, New York, NY, USA; White and Williams LLP, New York, NY, USA; Yates IP, Ottawa, ON, Canada; Yossi Sivan & Co. Law Office, Tel Aviv, Israel; Zetetic, Inc., Hitchcock, TX, USA; Zorro Huertas & Zorro Sanchez, Bagota D.C., Colombia

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Janet L. Hoffman is a partner at Fross Zelnick Lehrman & Zissu, P.C. in New York, New York, USA. Janet’s first career was in academia, as a professor of Russian Language and Literature (she earned a doctorate in Slavic linguistics at New York University). Subsequently Janet graduated from Boston College Law School, where she was editor in chief of the law review. She then clerked for U.S. Court of Appeals for the Second Circuit Judge Lawrence W. Pierce and began practicing at Paul Weiss Rifkind Wharton and Garrison. Her involvement with trademarks took off in 1987, when she moved to Fross Zelnick. Janet describes the move as something like love at first sight: besides the fact that, as she admits, “I love to shop,” she was attracted to trademarks largely because the field is so much a part of our everyday world.

At INTA, Janet first served on a committee that focused on the laws of the then USSR and Eastern Europe. She organized and chaired one of the first panels on the region, for the 1991 Annual Meeting in San Francisco. Following several years as an editor on the INTA Bulletin Committee, Janet served on the Worldwide Design Task Force and on the Board of Directors. In 1988, the Task Force produced a report that served as a basis for INTA’s growth as a global organization. Currently, Janet is a member of the Eastern Europe & Central Asia Subcommittee of the Famous & Well-Known Marks Committee.

Janet describes INTA as a unique forum to exchange ideas, make friends and stay on top of world developments, not only in the field of trademarks but also in the larger political sphere. She knows of no other area of law where people work together so actively, and makes it so much fun! Janet describes her INTA work as an opportunity to be among those who can effect change in the law by building relationships with colleagues, decision makers and others who are “on the ground.”

The expansion of trademark uses and misuses on the Internet poses substantial challenges for brand owners and, in Janet’s view, is one of the more pressing issues today. Although these developments affect all brand owners, the owners of well-known marks are special targets.

Janet’s work as a partner in the international group of the firm involves portfolio management, conflict resolution, licensing and related trademark and copyright issues for clients outside the United States. She feels that the beauty of the job is that she often does not know what will come across her desk in a given day, and from where! This work is a perfect outgrowth of her prior career as a professor of Russian language and literature. It has allowed her to build on her experience and interest in that part of the world and to participate actively in legal developments in the region.

Outside trademarks, Janet enjoys art and music, making jewelry and playing the piano. Taking long walks, reading and writing are other favorite activities. Her husband, Len Rosenfeld (photo right), who passed away on December 2, 2009, was a great artist and philosopher in his own way. An ever-engaging and unique companion, Len was a big INTA “regular” who was known to hop onto the stage and play harmonica with the band at Association gatherings! Janet doesn’t remember Len missing a single Annual or Leadership Meeting until Berlin in 2008, when Len could no longer keep up with the travel.

When asked about her favorite trademarks, Janet’s response was, “Wow—must I play favorites? Perhaps I will just dodge this question by saying that my favorite trademarks are those that are well protected!”

Haridutt Mishra, Saraswat & Co., New Delhi, India, INTA Bulletin Association News Subcommittee

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Unpredictability Regarding Approval of Pharmaceutical Brand Names Continues Unabated

Continued from page 1

things, LA/SA trademarks. Another was to implement a pilot program to enable pharmaceutical companies volunteering to participate in the program to conduct their own brand name investigations and to submit their analyses, with supporting data, to the FDA. At the same time, the FDA will conduct, through a different FDA reviewer, its own independent parallel review. The two sets of analyses will then be evaluated, and at the end of the pilot program the FDA will determine which method is better, the FDA de novo independent review or the company-generated review and analysis, supplemented with FDA expertise. This program is explained in a Concept Paper dated September 2008. According to the expected timeline, pilot program enrollment was to have begun by the end of 2009; the program will continue for two years, until approximately the end of 2011; and by 2012 or possibly 2013, the FDA will have evaluated the pilot program, held a public meeting and issued new guidance rules for the industry.

The FDA requested between 25 and 50 volunteers for the pilot program; these volunteers will have a tough job. For each proposed trademark, they will have to submit two separate sets of brand name information to facilitate the review. One set must comply with the FDA’s current practice, and the other likely will need to mirror the requirements of the 2008 Concept Paper, which are specific and substantial. The safety review aspect of the Paper encourages volunteers to (1) conduct a preliminary screening of the proposed trademark for naming characteristics (outlined in the Paper) known to cause or contribute to medication errors; (2) conduct a United States Adopted Names (USAN) (i.e., nonproprietary names assigned to pharmaceuticals marketed in the United States) search to be sure the proposed mark does not incorporate a USAN stem; (3) carry out an “extensive” search to identify existing names that are similar to the proposed mark, including those with orthographic or phonological similarity (Appendix A to the Paper lists 16 computerized resources as the “minimum” that should be searched, one of which is the U.S. Patent and Trademark Office); (4) use computerized methods and algorithms that can detect phonological or orthographic similarities; (5) identify all available information relevant to medication error cases associated with the active ingredient in the product; (6) perform name simulation studies with all types of active practitioners in all settings (70 participants and 20 scenarios are suggested); and (7) undertake a Failure Mode and Effects Analysis (FMEA) considering use of the product at all points in the medication system and utilizing a multidisciplinary FMEA team of 8 to 12 members.

The FDA has also issued a new Guidance, dated February 2010, that describes the information the agency uses to evaluate the proposed trademarks of companies that are not participating in the pilot program. A company may submit its first choice and one alternative. The safety portion of the FDA’s review is stated to include a preliminary screening to identify common errors; a USAN stem search; an orthographic/phonological similarity assessment; drug database searches, computational methods and/or prescriptions simulation studies; and an FMEA analysis. The Guidance states that companies may also include assessments that they conduct or commission themselves. As the Concept Paper recommendations likely set out the FDA’s thinking regarding a current “best practices” approach, it could be that, depending on the outcome of the pilot, these recommendations will ultimately become requirements.

Canada

The situation in Canada is also in flux. The pharmaceutical industry in Canada is operating under a Health Canada Guidance dated January 1, 2006. However, Health Canada has an internal working group, the Branch Medication Incident Working Group (BMI-WG), that was established in late 2007 and is currently reviewing and analyzing issues relating to LA/SA health product trademarks. It is still in the process of implementing the POCA application, presumably to do things such as incorporate the Canadian database of drugs on the market as opposed to the U.S. database and to create a French version of the application. The United States and Canada have adopted a protocol pertaining to “proprietary software to minimize medication errors.” The protocol, available on the FDA’s website and effective from December 1, 2005, through December 1, 2015, essentially provides for the FDA to provide to Health Canada its modules and documentation relating to the POCA program. In turn, Health Canada agrees to provide any modules or enhancements it creates to the FDA.

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The BMIWG intends to issue a new Guidance for the pharmaceutical industry, but no firm date for the issuance of the Guidance has been set. It is expected that there will be stakeholder consultation regarding the new Guidance before it becomes effective. In the meantime, companies should observe the January 1, 2006, Guidance. That Guidance discourages the following naming practices, which it states increase the possibility of medication errors: similarities in brand names; brand names similar to generic names; and product line extensions (e.g., a modifying prefix or suffix). A company may submit two prioritized alternate trademark choices together with its first choice. It should also submit a risk assessment and evaluation of the proposed trademark, supported by studies, data and analysis. A risk assessment can include searches for similar proprietary and nonproprietary names, computer analysis, prescription testing studies and a review of medication error literature.

Health Canada, through its Policy and Promotion Division, has also placed on its website a Fact Sheet titled “Look-alike Sound-alike Health Product Names,” dated November 9, 2009. It indicates that manufacturers can reduce the incidence of offending names through research and by choosing trademarks that are distinctive, easily written and easily pronounced. Overall, the Canadian “instructions” are not nearly as detailed as those in the United States, although they do not seem to have made a difference in outcome. Health Canada’s trademark rejection rate is reported to be similar to that in the United States.

European Union

In the European Union the rejection rate has historically been about 50 percent; 2010 statistics show this rate to be continuing unabated. As with Canada, the EU instructions are not as specific as those in the United States, although the test for acceptability of a brand name is described in approximately the same way. Medicines may receive marketing approval in the EU using either a centralized or a national authorization procedure. The centralized procedure is the subject of a December 2007 Guideline of the Committee for Human Medicinal Products (CHMP). The Guideline, which is applied by the Name Review Group (NRG), explains that the European Medicines Agency’s (EMEA’s) obligation is to consider whether a proposed trademark for a product could create a public health concern or potential safety risk. It states that such an evaluation should be performed based on best available evidence and research.

Specifically, the Guideline states, among other things, that to be acceptable, an invented name of a medicine must not be liable to cause confusion in print, handwriting or speech with the invented name of another medicinal product. When assessing the potential for confusion, such things as the product characteristics and patient populations are considered. One must also consider certain criteria if an International Nonproprietary Names (INN) stem is included in the invented name; further considerations apply where qualifiers or abbreviations form part of the invented name. Under the EU centralized procedure, up to four invented names can be proposed for consideration by the NRG. The NRG is chaired by a representative of the EMEA and includes representatives from member states. The consultation process involved in brand name approval also loops in the World Health Organization.

Where Are We Headed?

It may be that the United States will ultimately take the global lead in this challenging area because of the detailed specifications that are part of its pilot project. Because pharmaceutical companies generally try to select trademarks that are suitable for global use, it makes sense that there be standard expectations from regulatory authorities in key markets. The relevant authorities appear to agree: the EMEA and Health Canada signed an Implementation Plan for Regulatory Cooperation on Medicinal Products in April 2009; and the FDA, Health Canada and the Mexican Health Secretariat signed a Trilateral Cooperation Charter in October 2009. Both of these agreements are intended to facilitate the sharing of information, Guidances, best practices and the like pertaining to such things as product safety. We can therefore expect that there will continue to be sharing and cooperation with regard to these difficult LA/SA issues. Stay tuned!

Jane Steinberg, Gowling Lafleur Henderson LLP, Ottawa, Ontario, Canada, INTA Bulletin Features Subcommittee

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When Trademarks Become Generic After Registration: An Unsolved Problem in Japanese Trademark Law

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Unlike many other countries, Japan does not currently provide for the possibility to obtain cancellation from the register of trademarks that have developed into generic terms after registration. There have been ongoing discussions on how to improve Japanese trademark law, including the introduction of a solution to the issue of trademarks that have become generic. In its October 2009 meeting, the Trademark System Subcommittee of the Industrial Structure Council’s Intellectual Property Committee agreed to discuss the introduction of a system that would allow for cancellation of a registered trademark if it has become a generic term after registration. The discussions on this issue will continue over the next few months. This article addresses the current legal situation in Japan and the challenges it raises, and looks at the scope for improvement should there be an amendment to Japanese trademark law.

Current Framework

Under Article 3-1-1 of the Japanese Trademark Act, a trademark cannot be registered if it is considered to be generic in relation to the goods and/or services for which it is filed. The Act defines a generic trademark as “a trademark consisting solely of a mark indicating, in a common manner, the common name of the designated goods or services.”

Whether a trademark is generic in this sense is determined by the Japanese Patent Office (JPO) as of the time of the official decision to register or reject an application.

If a generic trademark is mistakenly registered by the JPO, it is possible to file an opposition (Article 43bis-2 of the Act) and/or an invalidation action against it (Article 46 of the Act), provided the trademark was already a generic term at the time of registration. It should be noted, in this context, that in Japan, unlike in most other countries, a mark is published for opposition only after it has been registered.

A serious issue could arise when a Japanese trademark becomes generic after having been registered. In the United States there is a statutory provision that allows for cancellation of a registered trademark if it becomes generic (Section 14 of the Lanham Act, 15 U.S.C. § 1064; see TMEP § 1607). The member states of the European Union, and many other countries, also allow for cancellation of such marks under their domestic laws. Therefore, in these countries, a generic trademark is subject to cancellation at any time. In Japan, however, there is no procedure provided in the Act for cancelling a trademark in the event that it becomes generic following registration.

If a Registered Trademark Becomes Generic and Thereafter Is Used by Third Parties, Does Such Use Constitute Trademark Infringement

In light of this one has to ask whether the use of a registered trademark that has become generic constitutes trademark infringement if the registration cannot be cancelled on this basis. The provision titled “Limitation on Effects of a Trademark Right,” in Article 26 of the Act, essentially states that all or part of a trademark that represents the common name of particular goods or services can be freely used and is thus considered to be in the public domain. However, the application of this provision is within the sole jurisdiction of the Japanese courts, not the JPO.
Thus, when a registrant files an action against a third party for trademark infringement, the defendant may argue that the registered trademark has become generic. If the court should determine that the trademark has indeed become generic, the defendant would not be held liable for infringement and the case would be dismissed, but the trademark registration would still remain on the register.

This creates a problem, because courts decide the issue of whether a particular trademark has become generic on a case-by-case basis. Theoretically, cases involving the same trademark could have different outcomes in different courts, with one court determining that the trademark is generic and another deciding that it is not. Irrespective of the decision the mark will remain on the register.

Possible Improvement

Some legal professionals in Japan take the view that it is unnecessary to introduce a new system for handling generic marks because third parties currently can defend their rights sufficiently in court. They think that third parties do not need to ask the JPO to ascertain whether they can use a trademark, as such usage would normally become a problem only if the registrant of the generic mark were to attempt to enforce its registration. Also, they question whether the JPO should be given the ability to take away a trademark right from a registrant, as in some cases trademarks have become generic through deliberate efforts by third parties, arguably making it unfair to penalize registrants. These views may be surprising to practitioners outside Japan.

The table shows the results from a survey of 2,400 Japanese companies conducted by the Institute of Intellectual Property in August and September 2006. The survey asked the participants whether they believed a new system was needed whereby third parties could seek cancellation of a trademark registration at any time if the mark had become generic.

The results show that a large majority of those questioned do not believe that changes to the current system are necessary. From a practical standpoint, however, it does not appear far-fetched to take the view that the current system may benefit from an amendment. According to Japanese trademark practice, it is not unusual for parties to receive cease and desist letters from registrants, even when the registered trademark in question has become generic. Therefore, it would be useful to create a new system to obtain cancellation of trademarks that have become generic. Such a system would be beneficial not only to those who wish to freely use the trademark in question but also to the Japanese courts, as it would reduce the number of infringement actions filed by registrants based on the use of their (now generic) trademarks.

Moreover, as the JPO deals with trademarks on a daily basis, it may be better suited than the courts to judge whether a trademark has become generic. Therefore, giving the JPO cancellation power should result in a more consistent body of decisions on this issue.

In sum, Japan is the only major industrialized country that does not provide for subsequent cancellation of a registered trademark that has become generic after registration. This causes difficulties in Japanese trademark practice and legal uncertainty in infringement disputes. In fact, it may take time before Japan moves forward and improves the current situation. For the time being, therefore, a risk remains if a (likely) generic term is a registered mark in Japan and an interested third-party user cannot predict with certainty whether a court in an infringement dispute will accept the genericness defense raised.

Japanese Companies Believing New Cancellation System Is Necessary

- Necessary 20%
- Not necessary 33%
- Unsure 47%

EUROPEAN UNION

General Court Says Winged Creatures Can Coexist

On April 21, 2010, the EU General Court, in Peek & Cloppenburg v. van Graaf GmbH & Co. KG (Case T-361/08), dismissed the opposition against a figurative mark depicting a winged creature based on a figurative trademark depicting another winged creature. The marks were found to produce a different overall impression, although the products were regarded as identical.

In October 2004, the Prime Minister’s Office of Thailand filed a Community trade mark application for a figurative mark (pictured left) showing a winged creature, for silk in Class 24 and for “clothing, made of silk” in Class 25. Peek & Cloppenburg filed an opposition on the basis of its German registration for a figurative mark (pictured right) representing a winged creature and covering products and services in Classes 18, 25 and 35.

The OHIM Opposition Division dismissed the opposition, saying that the marks were dissimilar. The Board of Appeal confirmed that there was no visual, phonetic and conceptual similarity between the marks. The opposer then appealed to the General Court.

The General Court concurred with the Board of Appeal in finding that the marks were visually different. The contested trademark was meant to represent a stylized peacock seen in profile and in color, while the earlier mark represented a winged creature that would not immediately be discernable as a peacock. Even if it were admitted that the opposer’s mark would be perceived as representing a peacock, the appearance of the mark would still be far removed from the mark represented in the application.

Aurally, the court regarded the marks as being completely different. It was assumed that the public would use the words THAI SILK appearing in the lower part of the applied-for mark, which had no counterpart in the earlier mark. For the earlier mark, the public would use whatever term would correspond to the animal represented. The court noted that there was uncertainty as to what this animal exactly was and thus as to the proper corresponding term to use.

The General Court found also that the marks had a weak conceptual similarity. The conceptual content of a peacock was indirectly and just possibly suggested to the relevant public. Rather, for the court, the marks transmitted the broad idea of beauty or elegance of the goods concerned.

After the Court of First Instance’s decision regarding visual and intellectual similarities between deer’s head representations (Mast-Jägermeister AG v. OHIM, Joined Cases T-81/03, T-82/03, and T-103/03 (CFI Dec. 14, 2006)) and the European Court of Justice’s decision confirming a likelihood of confusion between two representations of fir trees (L & D SA v. OHIM, Case C-488/06 P (ECJ July 17, 2008)), Community practice seems to have taken a step backward with regard to the extent of protection of figurative trademarks. This started on May 20, 2009, with an Opposition Division decision saying that there was no likelihood of confusion between trademarks representing penguins (see INTA Bulletin Vol. 64 No. 14, Aug. 1, 2009). The winged creature decision goes further down that road, especially considering that the products were found to be identical.

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Mr. Bresson and Mr. Müller are members of the INTA Bulletin Committee.

MALAYSIA

Territorial Nature of Trademarks

The territorial nature of trademark law was upheld by the High Court in Lockheed Martin Corp. v. Raytheon Co., [2010] 4 CLJ 95 (Nov. 2, 2009). Lockheed Martin had sought an order that Raytheon’s trademark registration No. 05012716 for PAVEWAY in respect of laser-guided bomb (LGB) kits in Class 13 be expunged and removed from the Register of Trade Marks. Both companies manufacture LGBs or variants thereof.

At the hearing, Lockheed claimed that the PAVEWAY trademark was directly descriptive of the goods and also nondistinctive. Specifically, it argued that “paveway” was a generic term in the defense industry, contending that the word was synonymous with LGB (“laser guided bomb”) kits and that all such kits sold and produced in the United States were referred to as “paveways.” Lockheed further argued that the trademark was not distinctive, as it was a term that Lockheed desired to use or had used for its own goods, and that many consumers do not identify the term “paveway” as indicating Raytheon’s goods.

Raytheon argued that it was the first and sole user of the PAVEWAY trademark, both in Malaysia, since 1983, and internationally, since 1970. The High Court noted, and Lockheed admitted, that Lockheed had never sold goods bearing the PAVEWAY name in Malaysia. Raytheon submitted that the “paveway” was never a generic term at the time of the trademark’s registration in Malaysia or even at the date when the proceedings were initiated. Raytheon further argued that it was impossible for its trademark to have become generic or to have lost its distinctiveness if there had been no use of the mark by any other person in Malaysia. Therefore, it contended that the trademark PAVEWAY was distinctive and not descriptive of the designated goods.

The High Court ruled in Raytheon’s favor. The judge held that as trademark law is territorial in nature, the relevant date at which the PAVEWAY trademark had to be distinctive was the date it was applied for in Malaysia. He further held that the appropriate test was whether the mark was generic in Malaysia, not whether it was generic in other countries.

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INDIA

New Service Class Headings: Restructuring of Class 42

The Trade Marks (Amendment) Rules, 2010, which came into effect on May 20, 2010, have reclassified the service class headings for purposes of registration of trademarks in India. These Rules were officially adopted subsequent to their publication in the Gazette of India by the Ministry of Commerce and Industry.

The new Rules bring about significant changes to the Fourth Schedule of the Trade Mark Rules, 2002, which contains the classification of goods and services. Class 42 in the Fourth Schedule has been divided into four classes: Class 42 has been revised, and three new classes (43–45) have been created. In addition, the residuary (or “catch-all”) provision in the old Class 42—services not included in other classes were included in Class 42—has been eliminated. These changes bring the classification of services in India in line with the Ninth Edition of the Nice Classification.

The revised class headings are as follows:

- **Class 42**: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.
- **Class 43**: Medical services; veterinary services, hygiene and beauty care for human beings or animals; agriculture, horticulture and forestry services.
- **Class 44**: Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the need of individuals.

Now it will be more expensive for applicants that have to file in three or four classes, instead of in just Class 42 under the old classification system.

The trademark offices will need to open a fresh register for filings in the new service class headings, and the modalities pertaining to the alignment of trademark office software are also being worked out, particularly with respect to searches in new classes.

**Procedure for Reclassifying Existing Applications and Registrations**

Applications and registrations filed under Class 42 will now have to seek recategorization by filing the appropriate request at the concerned Indian Trade Mark Office with the prescribed fees. Applicants will be able to benefit from the original filing date or the priority date.

The official fee for carrying out the change in the specification of services will be US $11 for pending marks and US $22 for registered marks. If the recategorization results in an increase in number of classes, an official fee of US $62 per additional class will be payable.

**Renewals**

The renewal of all trademarks from the year 2013 (filed under Class 42 and requiring recategorization under the new service class headings) will be effected only after the necessary conversion in the specification of services in the appropriate class has been carried out so as to bring it in conformity with the amended classification of services. Note that service class headings were introduced for the purpose of classification of trademarks in India since 2003 only.

**Search**

The Trade Marks Office has directed that a combined public search for marks should be made in both Class 42 and the new classes as per the amended classification. Similarly, a combined request for official search should be made in Class 42 and the new service classes.

SAIC Maintains Practice of Signing Trademark Application Forms

On July 2, 2010, the State Administration for Industry & Commerce of China (SAIC) formally explained the requirement for applicants to sign trademark application. See INTA Bulletin Vol. 65 No. 13 July 15, 2010 “CHINA: SAIC Announces New Formality Requirements for Trademark Application Forms.”

The explanation specified that an applicant must sign the application form in all instances. However, it allows an exception where the applicant has appointed a local trademark agent and has signed a Power of Attorney authorizing the agent to act in relation to relevant trademark matters. In such cases, the applicant need not sign any additional application forms.

The practice of signing application forms remains unchanged even though there are some new formality requirements.

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MALAYSIA

Plus and More in Chips: the Battle of the Chocolate Chip Cookies

In the longstanding battle between Kraft Biscuits Manufacturing Malaysia Sdn. Bhd. (previously known as Danone Biscuits Manufacturing (M) Sdn Bhd) and Hwa Tai Industries Sdn Bhd, the plaintiff was finally granted an injunction restraining the defendant from manufacturing and distributing chocolate chip cookies bearing the mark CHIPSPLUS, after succeeding in actions for trademark infringement and passing off. The decision became final January 17, 2010.

With regard to infringement, Kraft contended that Hwa Tai’s CHIPSPLUS mark was phonetically and visually similar, as well as semantically identical, to Kraft’s trademark CHIPSMORE. The judge concurred, holding that there was “indistinguishable phonetic representation of the prefix ‘chips’” and that the suffixes PLUS and MORE had similar connotations.

The judge commented that the operative standard pertaining to trademark infringement was “likely to deceive or cause confusion,” and that therefore the word ‘likely’ denoted that “only [the] probability or possibility of confusion” had to be established.

Considering the totality of the case and the appearance of the two marks, the judge found that there was great similarity between them and consequently there would be a high likelihood of confusion if any purchase of chocolate chip cookies were made by reference to the subject marks. Therefore, the judge held that infringement had been established.

Kraft also succeeded in its passing-off action and is entitled to the exclusive use of the CHIPSMORE trademark, get-up and packaging in connection with chocolate chip cookies to the exclusion of others. The judge held that Kraft had acquired substantial goodwill and reputation in its CHIPSMORE trademark and blue-and-yellow packaging. He found that they had “become distinctive of the Plaintiff’s product and [that] the use by the Defendant of similar trademark, get-up and packaging [would be] likely to … cause deception or confusion to a potential buyer.”

The judge went on to say that “where the (products) of the plaintiff and defendant are in direct competition with one another, the court will infer likelihood of damage to the plaintiff’s goodwill through the loss of sale.”

Hwa Tai had, earlier, filed an appeal, which has since been withdrawn, with the parties signing an agreement on full resolution. The company revised its label to use the mark LUXURY CHIPS.

UNITED STATES

Ruling Allows Bacardi to Continue Using HAVANA CLUB Mark

In Pernod Ricard USA LLC v. Bacardi U.S.A., Inc. (No. 06-505-SLR), the U.S. District Court for the District of Delaware ruled in favor of defendant Bacardi U.S.A., Inc. and against plaintiff Pernod Ricard USA LLC after a bench trial on a geographic-origin claim. Pernod alleged that Bacardi willfully made false and misleading representations concerning the geographic origin of its HAVANA CLUB brand rum in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

Bacardi purchased the rights to the HAVANA CLUB trademark from its original owners, Cuba’s Arechabala family, which made the rum for many years and exported it to the United States and other countries until the Cuban revolutionary government seized its facilities and assets. In a joint venture with the Cuban government, Pernod currently sells Cuban-made rum under the HAVANA CLUB mark in most countries; Bacardi still uses the trademark in the United States.

Pernod asserted that by using the HAVANA CLUB mark, Bacardi was misleading consumers into thinking its rum was made in Cuba when it was actually made in Puerto Rico. In holding that Bacardi’s use of HAVANA CLUB rum was not geographically inaccurate, the court focused on Bacardi’s label, which clearly indicated the rum was distilled and crafted in Puerto Rico and thus was “neither false nor misleading.” The court’s logic was supported by the U.S. Department of the Treasury’s Alcohol and Tobacco Tax and Trade Bureau (TTB), the federal agency charged with monitoring consumer deception in liquor labeling. In 2008 the TTB approved Bacardi’s application for the HAVANA CLUB label, finding the label to be non-deceptive.

The District of Delaware held that Pernod “provided no evidence that today’s HAVANA CLUB rum product differs from the original pre-revolutionary Cuban rum in any significant respect.” The court commented that “if it looks like a duck, swims like a duck and quacks like a duck, then it is probably a duck.” While conceding that the analogy might not be relevant to the rum’s “geographic origin,” the court opined that “it verifies that [Bacardi’s] Havana Club has not strayed far (if at all) from its heritage.” Bacardi was found to have a “First Amendment right to accurately portray where its product was historically made and, therefore, [Pernod] cannot demonstrate that [Bacardi’s] use of ‘Havana Club’ violates section 43(a)(1)(B) of the Lanham Act.”

On May 7, 2010, Pernod filed a Notice of Appeal to the U.S. Court of Appeals for the Third Circuit.

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PARADISE Won

Despite finding some of the applicant’s goods “legally identical” to the goods covered by a third party’s registered mark and despite the term AQs being common to both marks, the Trademark Trial and Appeal Board (TTAB) reversed the refusal of an examining attorney to register the mark AQ. In re Kose Corp., Serial No. 77519214 (T.T.A.B. Apr. 26, 2010).

Kose Corporation filed an application to register the AQ mark for “cosmetics, perfumes, cosmetic soaps, cotton for cosmetic use and hair care preparations” (Class 3) and “eyebrow brushes, cheek brushes, eye shadow brushes, mascara combs, compacts sold empty, lip brushes, powder puffs and foundation sponges for applying makeup” (Class 21). The examining attorney refused registration on the ground that the mark was likely to be confused with the prior-registered trademark PARADISE MAKEUP AQ, covering “makeup” (Class 3).

Although it reviewed each of the likelihood-of-confusion factors set forth in In re E.I. du Pont de Nemours & Co., 177 U.S.P.Q. 563 (C.C.P.A. 1973), the TTAB focused on two factors: the similarities between the goods and between the marks.

The TTAB concluded that the goods sold under the marks at issue were “legally identical” with regard to Class 3 and were closely related and complementary with regard to Class 21. The Board said it presumed the goods covered by the marks traveled in the same channels of trade and were available to the same classes of customers.

But, notwithstanding the close similarity of the goods, the TTAB determined that the marks were dissimilar in appearance, sound, connotation and commercial impression. It rejected the examining attorney’s position that because the letters AQ were common to both marks, those letters should be given greater weight in the likelihood-of-confusion analysis.

Instead, the TTAB concluded that the word PARADISE was the dominant element in the registrant’s mark and that the generic term MAKEUP had the effect of emphasizing the word PARADISE. In the Board’s view, the letters AQ came at the end of the registrant’s mark, almost as an afterthought, and were not dominant. Accordingly, the TTAB reversed the refusal of registration.

CRASH DUMMIES Marks Ruled Not Abandoned

The U.S. Court of Appeals for the Federal Circuit recently affirmed the ruling of the Trademark Trial and Appeal Board (TTAB) that Mattel, Inc. had successfully rebutted the statutory presumption of abandonment of its marks CRASH DUMMIES and THE INCREDIBLE CRASH DUMMIES.

Mattel opposed the application of The Crash Dummy Movie, LLC (CDM) to register the mark CRASH DUMMIES for a line of games and playthings. Mattel alleged a likelihood of confusion with its previously used marks for action figures and play sets. CDM did not dispute the likelihood of confusion but argued that Mattel had abandoned the CRASH DUMMIES marks after at least three years of non-use. Based on the fact that all licenses for its marks expired in 1995 and that Mattel did not recommence use of its marks until 2003, the TTAB found a prima facie case of abandonment.

Mattel argued that even though it did not file Section 8 declarations of use and/or excusable non-use for its marks in 2000 and did not ship relevant products until 2003, it had the intent to resume use of its marks because it purchased the marks’ former owner in 1997, recorded assignments of the marks with the USPTO in 1998 and had discussions with KB Toys in 1998 regarding a potential exclusive retail arrangement for toys sold under its marks. Also, Mattel began brainstorming ideas for CRASH DUMMIES toys in 2000; researched, developed and tested the new toys in 2001; obtained concept approval by 2002; and reintroduced the toys into the market in 2003.

The TTAB concluded that Mattel had rebutted the presumption of abandonment of its common-law trademark rights by demonstrating “reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate.” Mattel, Inc. v. The Crash Dummy Movie, LLC, Opposition No. 91159002 (T.T.A.B. Nov. 25, 2009).

In affirming that decision, the court of appeals held that “substantial evidence” supported the TTAB’s finding that Mattel intended to resume use of its marks during the contested time period. The court noted that Mattel performed a market analysis and contemplated manufacturing toys under its marks at the time its discussion with KB Toys took place in 1998. It also noted that “common sense” supported the conclusion that Mattel would not have recorded assignments of its marks in 1998 unless it “intended to use the CRASH DUMMIES mark within the foreseeable future.” In addition, the court observed that Mattel’s failure to file Section 8 declarations did not negate its intent to resume use of its marks.

In reviewing Mattel’s evidence, the Federal Circuit found that the company’s research-and-development efforts from 2000 to 2003 indicated Mattel’s intent to resume use of its marks and that its shipment of CRASH DUMMIES toys in December 2003 should be considered, even though that evidence fell outside of the three-year statutory period of non-use.
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