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This issue of the IAR was ably prepared by a Task Force under the leadership and editorship of Matthew Harris, Christy L. E. Hubbard, Paul Tackaberry, and Peter E. Wild. They were assisted by Joel L. Bromberg, INTA Senior Periodicals Editor; John Morales, TMR Associate Editor; and Lisa Butkiewicz, TMR Managing Editor.

The IAR is organized in alphabetical order by country, with each country divided by subject and topic. To ensure continuity, if a particular subject or topic is not covered in this issue, its absence will be so noted in the Table of Contents by an asterisk (*).

Cliff Browning, Editor-in-Chief

A Fifteenth-Year Remembrance

Much like the adoption of a trademark that over time becomes famous, a good idea becomes an institution through innovation, creativity, execution, hard work, and maintenance of the original quality and standards. With this fifteenth issue, we celebrate an institution. Charlotte Jones, former TMR Managing Editor, and George Cooper, former Editor-in-Chief of the TMR, showed foresight and dedication in bringing the IAR to fruition. While at the time others doubted the need for an annual review of international trademark jurisprudence, Charlotte and George were envisioning the world of today in which the boundaries between nation states are being lowered through treaties and harmonization.

Now authored by 90 contributors who represent almost 100 jurisdictions worldwide, the IAR is seen as a “go to” resource that is utilized and cited by law professors, practitioners, and jurists...
around the globe. It sensitizes a trademark attorney to international and regional trends, decisions of note, and the fundamental commonalities of trademark law. From its inception, the IAR has demonstrated that INTA is a truly global organization, and that its members can bridge differences of geography, nationality, and language to work together for the advancement of trademark law.

The Editorial Boards of the last fifteen years wish to thank not only those who have contributed, but also those who continue to monitor developments in their jurisdictions for future issues.

Ted Max, former Editor-in-Chief
Contributors are listed below. As a result of an increase in multiple-jurisdiction coverage, all jurisdictions covered are listed for each contributor.

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ARGENTINA

I.D.1. Similarity of Marks

Telinver S.A. (Telinver) applied to register the trademark B TO B, to cover all goods and services in Classes 16, 35, and 38. Editorial Coyuntura S.A. (Coyuntura) opposed the application based on its trademark BUSINESS TO BUSINESS, registered in Class 16 and applied for in Classes 35, 41, and 42. Telinver filed a court action seeking the withdrawal of Coyuntura’s opposition.

The Court of First Instance admitted Telinver’s complaint. While the judge recognized that B TO B was the abbreviation for BUSINESS TO BUSINESS and that therefore the trademarks had the same meaning in English, he observed that such knowledge was available only to specialized consumers who were familiar with matters of business and economics. These represented just a minority segment of consumers in Argentina, as opposed to the majority of consumers, to whom products covered by Class 16 are addressed.

Coyuntura appealed the decision of the Court of First Instance.

The Federal Court of Appeals overturned the lower court’s decision on the ground that the trademarks B TO B and BUSINESS TO BUSINESS could not coexist in this particular scenario.¹

The appellate court noted that the analysis of the risk of confusion should focus on the products and services covered by the trademarks rather than on the activities developed by the parties.

Furthermore, it disagreed with the Court of First Instance and considered that the consumers of the products and services offered by the parties could not be considered massive consumers because of the level of education required to acquire such products and services.

Finally, the Federal Court of Appeals held that in considering whether trademarks are confusingly similar, it is not necessary that the risk of confusion affect all potential consumers—a particular segment of them would be enough.

In previous decisions the Federal Court of Appeals usually had held that foreign languages were not considered as understood by consumers, and consequently the comparison between the marks should be made without taking into account each mark’s meaning in each language. This decision did not follow that line of reasoning, as the appellate court held that two trademarks that

share the same meaning in a foreign language can be confusingly similar for a particular segment of the consumer marketplace.

The Gillette Company (Gillette) filed a trademark application for GILLETTE FOAMY, covering only “preparations for shaving” in Class 3 and disclaiming exclusivity over the term FOAMY. New Idea S.A. (New Idea) filed an opposition on the basis of its registered trademark FOAMY, for goods in the same class.

Gillette filed a court action seeking the withdrawal of the opposition and the cancellation of New Idea’s trademark. It argued that the marks in question were not confusingly similar. To ground the cancellation action, Gillette contended that (1) New Idea lacked a legitimate interest in registering the word “foamy” as a trademark; (2) New Idea’s mark should not have been registered, because the Spanish translation of “foamy” (espumoso) was descriptive of the product; and (3) New Idea knew that the mark FOAMY belonged to Gillette, because the trademark GILLETTE FOAMY had been registered and used in many countries prior to New Idea’s registration of FOAMY.

In answer to the complaint, New Idea argued that Gillette’s applied-for mark was confusingly similar to its FOAMY trademark. It counterclaimed for the cessation of use of the GILLETTE FOAMY mark.

The Court of First Instance admitted Gillette’s complaint and declared New Idea’s opposition unfounded, but it dismissed both Gillette’s cancellation action and New Idea’s counterclaim. Both parties appealed the decision.

The Federal Court of Appeals upheld the first instance decision2 on the following grounds:

1. Gillette had proved that it had been using the trademark GILLETTE FOAMY without registration before New Idea filed a trademark application for FOAMY.

2. The marks GILLETTE FOAMY and FOAMY had coexisted on the market for several years without causing confusion among consumers, so the registration of GILLETTE FOAMY would cause no actual harm to New Idea.

3. The use of the notorious mark GILLETTE in GILLETTE FOAMY made the applied-for mark clearly different from the FOAMY trademark, especially in the eyes of consumers.

4. The cancellation action attempted by Gillette could not be admitted, because Gillette had expressly disclaimed any

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exclusivity over the term FOAMY when filing the trademark application.

5. The meaning of the English word “foamy” was not known to most Spanish-speaking consumers, so FOAMY could not be considered descriptive of the product.

6. New Idea had a legitimate interest in registering the mark FOAMY, as it had used the mark and Gillette had not proved that New Idea had registered the mark in bad faith.

III.H. Court Proceedings

Via Bariloche S.R.L. (Via Bariloche) applied to register the trademark CRUCERO DEL SUR, to cover all services in Class 39. Crucero del Norte S.R.L. (Crucero del Norte) opposed the application based on its trademark CRUCERO DEL NORTE, registered in Class 39, and its trademark application for CRUCERO DEL SUR, in the same class, which was filed six months later than Via Bariloche’s application. Crucero del Norte also argued that the applied-for mark was confusingly similar to its company name.

In response, Via Bariloche filed a court action requesting that (1) the opposition be withdrawn, (2) the trademark application for CRUCERO DEL SUR be declared null and void, and (3) Crucero del Norte cease its use of the CRUCERO DEL SUR mark. In the complaint, Via Bariloche also resorted to the so-called incidente de explotación proceeding set forth in Section 35 of the Argentine Trademark Law and asked the court to order Crucero del Norte to post a bond in order to continue using the mark during the trial.

As Crucero del Norte had decided to continue using the contested trademark during the trial, the Court of First Instance fixed the amount of the bond at A $70,000 (around US $22,000).

Crucero del Norte appealed the first instance decision. It argued that Via Bariloche did not comply with the requirements of Section 35 of the Trademark Law. In addition, it contended that Via Bariloche was not the owner of the trademark in respect of which cessation of use was requested, and that only a trademark owner could resort to the incidente de explotación proceeding.

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3. Law on Trademarks and Designations (Law No. 22.362 of December 26, 1980). Section 35 provides:

In civil actions instituted to enjoin use of a trademark or trade name, the plaintiff may demand that the defendant post a bond if the latter does not discontinue the questioned use. The court shall set the amount of the bond according to the apparent claim of the parties, and may also require that counter-security be given.

In default of the posting of security, the plaintiff may apply for the suspension of the use of the trademark or trade name and the attachment of the infringing objects, giving sufficient security if called upon to do so.
The Federal Court of Appeals upheld the decision at first instance on the ground that it was not necessary that a party be the owner of a trademark registration in order to resort to the *incidente de explotación* proceeding. The only requirement was that the party be a plaintiff in a court action seeking to enjoin the use of a trademark. In view of that fact, the appellate court held that Via Bariloche was authorized to resort to such a proceeding as owner of the pending trademark application for CRUCERO DEL SUR, which indicated, at least in principle, a legitimate interest in seeking to enjoin the use of Crucero del Norte’s trademark.

This decision follows the line of Federal Court of Appeals rulings regarding the requirements for resorting to the *incidente de explotación* proceeding. The same criteria were used by Division I of the Federal Court of Appeals to decide a similar case, in which a plaintiff requesting that the defendant cease the use of a trademark did not have its trademark registered.

**III.A.7. Advertising**

Los Cipreses S.A. (Cipreses) was the only provider of the ferry service between the cities of Buenos Aires, Argentina, and Colonia, Uruguay. Cipreses did business under the trademark BUQUEBUS. Lumary S.A. (Lumary) became a new provider of ferry service between the two cities, operating under the trademark COLONIA EXPRESS.

Cipreses requested an injunction against Lumary enjoining the broadcasting of a radio advertisement that promoted Lumary’s services. Cipreses’ petition was based on the provisions of Article 50 of the TRIPS Agreement.

The advertisement in question included the following dialogue between an employee of a ferry operator (E) and a customer (C): “E – Your attention please. The ferry is delayed again. C – Again? We’re here since 7.30 am. I can’t believe it. E – It is clearly stated in the ticket that the ferry may be delayed up to 74 days and the company is not responsible for such delay. C – You know what? One day this monopoly will end! E – Oh, the monopoly will end? (Followed by laughs.)” Then, a broadcaster said, “Here comes COLONIA EXPRESS. A new ferry service to Uruguay, with the most modern ferryboat of the Rio de la Plata. Duty free, lounge bar, and a most innovative feature: good service.”

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6. Article 50(1)(a) of the TRIPS Agreement provides: “The judicial authorities shall have the authority to order prompt and effective provisional measures . . . to prevent an infringement of any intellectual property right from occurring. . . .”
The Court of First Instance rejected the request for injunctive relief, finding that the advertisement did not mention Cipreses’ name or its trademark BUQUEBUS.

Cipreses appealed the decision. The company argued that (1) it had fulfilled all the requirements to file precautionary measures; (2) it had proved the existence of Lumary’s advertisement, which clearly discredited Cipreses, and that the comparison made in the advertisement was not truthful; and (3) Lumary’s advertisement implicitly referred to the trademark BUQUEBUS.

The Federal Court of Appeals reversed the trial court’s decision and granted the injunction against Lumary.7

The appellate court began by reiterating that using somebody else’s trademark as if it were one’s own is quite different from simply quoting or making reference to a third party’s trademark. Whereas in the first case there will always be trademark infringement, in the latter the third party’s trademark usage is legitimate, as long as it does not discredit or damage the reputation of the trademark in question.

In addition, the court noted, comparative advertising is not prohibited per se as long as the rights of the trademark owner are not harmed. However, an advertisement that is deceptive or that discredits a competitor’s trademark should not be admitted.

It was clear, the court held, that Lumary’s advertisement referred to the trademark BUQUEBUS, even though it did not expressly mention the mark, as Cipreses was the only ferry provider until Lumary was authorized to render the same service. Also, because the advertisement represented what would occur in an office like that of Cipreses, it was clear that the advertisement was aimed at discrediting Cipreses.

In conclusion, the appellate court ruled that, prima facie, Lumary’s advertisement did not meet the standard established by Section 953 of the Argentine Civil Code,8 and that it constituted an act of unfair competition that infringed Article 10bis of the Paris Convention.9

8. Section 953 of the Argentine Civil Code provides:

The objects of juridical acts must be things that are in commerce, or things that it has not been forbidden for some special reason to make the object of a juridical act, or acts that are not impossible, unlawful, contrary to good morals, or prohibited by the laws, or opposed to liberty of action or of conscience, or prejudicial to the rights of a third person. Juridical acts that do not conform to this provision are as void as if they had no object.
9. Article 10bis of the Paris Convention provides:

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.
III.E.1. Injunction

Cerealko S.A. (Cerealko), owner of the device mark NACHOS (below, illustration at left), covering all goods in Class 30, filed a petition for a preliminary injunction against Pepsico de Argentina S.R.L. (Pepsico), requesting the suspension of the importation and sale of tortilla chips bearing the trademark NACHOS, either alone or with any other trademark (below, illustration at right). Cerealko based the petition on the provisions of Article 50 of the TRIPS Agreement.

The Court of First Instance granted the injunctive relief and ordered Pepsico to suspend the importation and sale of tortilla chips with the word NACHOS.

Pepsico appealed the decision, arguing that the word NACHOS was a generic term that was the necessary designation of the product, and therefore not capable of registration. Pepsico argued, further, that Cerealko’s trademark was not used in the packaging of Pepsico’s products, which were mainly identified by Pepsico’s trademark DORITOS. Finally, Pepsico asserted that DORITOS was a famous and well-known mark, and therefore any possibility of confusion among consumers was prevented.

The Federal Court of Appeals overturned the first instance decision and dismissed the injunction. An injunction based on Article 50 of TRIPS is admissible, the court held, when the trademarks in question could mislead consumers as to the source of the goods. Based on a prima facie examination of the facts and the evidence submitted by the parties, the Court of Appeals held that this was not the case. In addition, the appellate court held that although both products had the word NACHOS on their

(3) The following in particular shall be prohibited: (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor; (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor; (iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

packaging, Pepsico’s product was identified by the trademark DORITOS, which prevented any possibility of confusion.

**III.E.2. Damages**

Mattel Inc. (Mattel), owner of the trademark BARBIE in several classes, including Class 28, filed a complaint against a local company, Nuevo Rosz S.A., requesting that it stop using the trademark BABY, which the defendant used to identify dolls, plus the award of damages.

The Court of First Instance admitted the complaint. It ordered Nuevo Rosz to cease its use of the trademark BABY, on the ground that it was confusingly similar to Mattel’s trademarks, and awarded damages to Mattel.

The Federal Court of Appeals upheld the decision regarding the cessation of use of the trademark but reduced the amount awarded for damages.\(^{11}\) Although it accepted that the trademarks were similar enough to justify the damages award in favor of Mattel, the appellate court found that the evidence produced at the proceedings as to the damages suffered by Mattel could have been more abundant. For instance, the court observed that while the expert witness’s report proved that the defendant’s income derived from the sale of the infringing products, this did not demonstrate a decrease in the plaintiff’s sales, which would have been important in the calculation of damages.

Pfizer Inc. (Pfizer), owner of a trademark consisting of the combination of a three-dimensional shape and the color blue, used for its VIAGRA tablets, filed a complaint against Microsules y Bernabo S.A. (Microsules), a local pharmaceutical company, requesting that Microsules stop using such shape and color combination on its tablets identified with the trademark VORST, plus the award of damages. In turn, the defendant filed a counterclaim requesting the nullity of Pfizer’s three-dimensional mark plus damages.

The Court of First Instance admitted the complaint, dismissed the defendant’s counterclaim, ordered Microsules to cease using its trademark, and awarded damages in favor of Pfizer for a significant amount.

On appeal by Microsules, the Federal Court of Appeals upheld the decision regarding the cessation of use of the trademark but revoked the award of damages on the ground that an award based on Microsules’ sales and profits derived from the

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commercialization of its VORST tablets was not enough to evidence the damages suffered by Pfizer.\textsuperscript{12}

The appellate court further held that the shape and color of Microsules’ tablets would be noted by consumers only after they had purchased the product and opened the packaging. Therefore, it held that the consumer’s choice in this case had been influenced not by the shape and color of the tablets but rather by other important factors, such as their price (the VORST tablets are 50 percent cheaper than Pfizer’s tablets).

Finally, the Federal Court of Appeals pointed out that the expert witness’s report did not show an increase in Pfizer’s income and a decrease in Microsules’ after the injunction granted by the first instance judge.

The decisions in \textit{Mattel} and \textit{Pfizer} are significant because they follow the new line of jurisprudence rendered by the Federal Court of Appeals regarding the award of damages in trademark matters. According to these decisions, it is not enough to prove the existence of an infringement to obtain an award of damages; it is necessary to prove the existence of the damage as well.

Fred Perry Holdings Limited (Fred Perry), owner of the word and design marks FRED PERRY in Class 25, filed a complaint against Grupo Outlet S.A. (Outlet) requesting the cessation of Outlet’s use of its trademarks plus the award of damages.

Section 330 of the Argentine Code of Procedure in Civil and Commercial Matters establishes that the plaintiff shall determine, at the time of filing of the complaint, the amount claimed as damages, except when it is impossible for the plaintiff to determine that amount because of the circumstances of the case, or because such determination would depend on other elements that are not known at the time of filing of the complaint.\textsuperscript{13}

In this respect, Fred Perry argued that it was impossible for it, at that stage of the lawsuit, to quantify the damages caused by Outlet, because it was not aware of the extent of the infringement


\textsuperscript{13} The last paragraph of Section 330 of the Argentine Code of Procedure in Civil and Commercial Matters provides:

The bill of complaint shall be filed in writing and shall contain: 1) Plaintiff’s name and address. 2) Defendant’s name and address. 3) The purpose of the complaint. 4) The facts of the case. 5) The applicable law. 6) The petition. The bill of complaint shall also contain the amount claimed, except when it is impossible for the plaintiff to determine it at the time of filing because of the circumstances of the case, or because such determination would depend on other elements that are not known at such time, and the filing of the complaint is necessary to prevent the action from becoming statute barred. In that case, preliminary objections based on deficiencies in the way the claim has been presented shall not be accepted. The final decision will set the amount as a result of the evidence submitted and produced during the trial.
and of the quantity of infringing goods sold by Outlet. Therefore, Fred Perry stated, it would determine the amount claimed as damages after the accountant expert witness report was submitted and the remaining evidence was produced.

Outlet answered the complaint and filed a preliminary objection based on deficiencies in the way the claim had been presented.\(^{14}\)

The Court of First Instance dismissed Outlet’s preliminary objection on the basis that the quantification of the damages claimed could be seriously determined only after the accountant expert witness report was submitted.

On appeal, the Federal Court of Appeals reversed the first instance decision on the ground that it was essential to determine the amount claimed in any lawsuit, except as provided by Section 330 of the Code of Procedure.\(^{15}\) The appellate court added that if determination was not possible, the plaintiff should at least estimate the amount claimed.

Historically, plaintiffs were not obliged to determine, at the time of filing of the complaint, the amount claimed as damages in trademark infringement cases, as courts accepted that the exception set forth in Section 330 of the Code of Procedure was applicable. This decision confirms, however, that Division III of the Federal Court of Appeals has changed the criteria regarding the determination of the amount claimed as damages in trademark infringement cases.

It is yet to be seen whether the other divisions of the Federal Court of Appeals will also change those criteria. Division I has not changed them yet,\(^{16}\) and Division II has not recently ruled on this issue.

### III.I. International Issues

Société de Distribution pour la Chimie (SDC) filed an application for registration of the trademark IXELL in Classes 2 and 3. Claudio Iturralde and Jorge Colas filed an opposition based on their trademark UXELL, registered in Class 2 and applied for in Classes 3 and 17. SDC filed a complaint seeking the withdrawal

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14. Preliminary objections are mainly procedural defenses that aim at obstructing a claimant’s action that, in principle, should be decided by the court before dealing with the substance of the dispute.


of said opposition and the nullity of the UXELL mark. In response, the defendants filed a counterclaim seeking the withdrawal of the opposition that SDC had filed against their trademark applications for UXELL in Classes 3 and 17.

The Court of First Instance admitted the complaint and dismissed the counterclaim.

On appeal, the Federal Court of Appeals upheld the decision at first instance on the ground that SDC had registered the trademark IXELL and used it widely in other countries since 1974, while the defendants had filed their trademark application only in 1994. Therefore, at the time of filing of their application, the defendants could have not ignored the existence of SDC's trademark.

Finally, the appellate court emphasized that IXELL was an extremely original trademark with a particular distinctive character, and that as the defendants did not explain why and how they chose the term UXELL to cover identical products, that circumstance was enough for the court to consider the applied-for mark a slavish copy of the trademark IXELL.

This decision is interesting because it resolved the issue of the nullity of a registered trademark on the ground that the plaintiff had previously registered abroad a trademark that, although confusingly similar, was not identical to the trademark registered locally.

AUSTRALIA

I.A.3. First to File Versus First to Use

On October 5, 2004, Teavolution Pty Ltd, an Australian company, applied to register the trade mark HONEST TEA, for tea and tea-based beverages. The application was accepted and published in the Australian Official Journal of Trade Marks of February 17, 2005. Registration of the trade mark was opposed by Honest Tea, Inc., a U.S. company.

Honest Tea came into existence in January 1998 and has been trading in the United States since that time. The company has expanded the range of its iced tea beverages from five varieties to 20—with a particular interest in organic iced tea beverages. Sales outside the United States and Canada commenced in 2000. In the years since, the company has sold goods bearing the trade mark HONEST TEA in Japan, France Mexico, United Kingdom, Switzerland, Singapore, Guam, Taiwan, Sweden, Costa Rica and the Caribbean Islands.

In 1998, Honest Tea’s chairman visited Australia to deliver lectures on business strategy. During that visit, he scheduled a meeting with one of Australia’s largest supermarket chains, with a view to obtaining an agreement to market his company’s goods in Australia. Samples of the goods were presented at that meeting, but no agreement was reached. Over the years since 1998, Honest Tea received a number of requests from persons in Australia to act as the company’s Australian distributor; however, none of these requests resulted in the appointment of a distributor in Australia.

The opponent also referred in its evidence to articles and advertisements that appeared in U.S. publications that were brought into Australia. These publications included the July 26, 2004, edition of *The Washington Post*. In addition, the opponent’s website, www.honesttea.com, has been accessible worldwide since July 1998. In its submission on this fact, Honest Tea claimed that such availability of the goods in Australia constituted use of its mark “in the course of trade.”

The opposition was argued before a delegate of the Registrar of Trade Marks in December 2006. The principal ground of opposition was that the applicant was not the owner of the trade mark sought to be registered.

In the course of his decision, the delegate set out the requirements that an opponent must satisfy in order to establish that the applicant is not the owner of the trade mark in Australia. Specifically, an opponent must demonstrate that:

1. The respective trade marks of the applicant and the opponent are either identical or substantially identical;\(^{18}\)
2. The respective goods or services of the parties are the “same kind of thing”;\(^{19}\) and
3. A person other than the applicant has the earlier claim to ownership based on use prior to both the present application to register and actual use of the trade mark by the applicant.\(^ {20}\)

The delegate held that the marks at issue were substantially identical and that the respective goods were the same.

The case law applicable to the establishment of ownership by reason of first use requires “an actual trade or offer to trade in the goods bearing the mark” or the “facilitating or promoting the operation of a trading channel.” In the present case, the Registrar’s delegate concluded that the claims or circumstances relied upon by the opponent regarding its trade mark in Australia amounted to

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19. *Re Hicks’ Trade Mark*, (1897) 22 VLR 636.
preliminary steps that did not clearly show any trade or offer to trade in the goods.

The delegate concluded that the opponent had failed to satisfy the threshold requirement of demonstrating first use of the trade mark in Australia.21

I.D. Likelihood of Confusion

On December 23, 2002, Joseph Karam filed a trade mark application for HERBAGRA, to cover herbal medicines used to aid health, vitality, and sexuality. The mark was accepted and published by the Trade Marks Office. Pfizer Products Inc. opposed registration of the trade mark based, in part, on its registered trade mark VIAGRA, covering a wide range of goods in Class 5, including compounds for treating erectile dysfunction. Following a decision by the Registrar of Trade Marks allowing the trade mark HERBAGRA to proceed to registration, Pfizer appealed before a single judge of the Federal Court of Australia.

The judge concluded that Pfizer’s trade mark registration for VIAGRA covered the goods sought to be registered by Karam under the trade mark HERBAGRA.22

On a straightforward comparison of the words HERBAGRA and VIAGRA, the judge was not satisfied that the applicant’s mark was deceptively similar to the opponent’s mark. However, he was satisfied that with respect to the specified goods, the mark HERBAGRA would be deceptively similar to the trade mark VIAGRA, which had acquired a reputation in Australia prior to Karam’s application. The judge held, further, that, because of the reputation of the VIAGRA mark, the use by Karam of the HERBAGRA mark would be likely to deceive or cause confusion among consumers.

This decision is interesting in view of the judge’s discussion of reputation as a facet to be taken into account in the comparison of trade marks. In relation to Section 44 of the Australian Trade Marks Act,23 the judge considered that it was not appropriate to take reputation into account for purposes of a comparison of the trade marks under that section. He referred to the “orthodox view” as being that “what is compared is the lawful use in the future of


23. Trade Marks Act 1995 (Cth). Section 44 prohibits the registration of a trade mark that is substantially identical or deceptively similar to a trade mark registered by another person for similar or closely related goods or services.
each mark across the goods [or services] for which it is registered rather than being linked to what has happened in the past.”

However, under Section 60 of the Trade Marks Act, the issue of deceptive similarity specifically requires that the prior reputation of the opponent’s trade mark be considered.

The judge rejected an argument by Karam that the word HERBAGRA might be seen as a “cheeky take-off” of VIAGRA not likely to give rise to any deception or confusion.

Subsequent to this decision, Section 60 of the Trade Marks Act was amended to remove the requirement that for purposes of succeeding with an opposition based on prior reputation the trade mark sought to be registered be substantially identical with or deceptively similar to the opponent’s trade mark. The amendment governed trade marks applied for after October 23, 2006.

II.E. Examination and Opposition

In Pfizer Products Inc. v. Karam, Judge Gyles of the Federal Court of Australia considered the standard of proof required to establish a ground of opposition under the Australian Trade Marks Act. Section 55(1) of the Act states that unless the opposition proceedings are discontinued or dismissed, the Registrar must decide either to refuse registration of the trade mark or to register the trade mark “having regard to the extent (if any) to which any ground on which the application was opposed has been established.”

In an appeal from decision by the Registrar of Trade Marks, Mr. Joseph Karam, the respondent in the appeal proceedings, contended that there was a line of Federal Court authority that established that an opposition should be upheld only if the court is satisfied that the applied-for mark clearly should not be registered. He argued that the consequence of this contention was that there is a burden on an opponent in trade mark opposition proceedings to clearly establish a ground of opposition in order to be successful.

After reviewing the earlier Federal Court decisions relied upon by the respondent, Judge Gyles concluded that there was no support for a special high onus in trade mark opposition


25. Section 60 provides that the registration of a trade mark for particular goods or services may be opposed on the grounds that “another trade mark had, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, acquired a reputation in Australia” and that “because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.”

proceedings. According to the judge, the principal difficulty with Karam’s contention was that it was inconsistent with the language of Section 55. Whether a ground of opposition has been “established” is a conventional concept requiring no particular elucidation. The judge went on to state that “there is no basis upon which the section can be read as the ‘the extent (if any) to which any ground on which the application was opposed has been clearly established,’” particularly where that implication changes the practical operation of the section by imposing a special high onus of proof.27 He concluded by saying that he could find nothing in the structure or content of other provisions of the Trade Marks Act that would point to reading Section 55 other than according to its ordinary meaning.28

In conclusion, the judge said:

I am faced with the clear words of the statute, on one hand, and the opinions of various judges, on the other. There is no binding Full Court authority. I cannot find any instance where a single judge has actually applied the higher standard. In my opinion, in this case, comity does not demand that I depart from my view as to the meaning of the statute.29

While it is certainly the case that an opponent bears the burden of establishing one or more of its grounds of opposition, Judge Gyles’s judgment forcefully contradicts any contention that an opponent must clearly establish such a ground.

AUSTRIA

I.B.1. Generic

In accordance with Austrian federal and state law, the name of a ski school must consist of the word Schischule (“ski school”) combined with the appropriate toponym (place name). However, such denominations do not enjoy protection, either on the basis of personality rights or as marks, because they are composed of a generic term and a toponym.

The owner of the Schischule Mellau (also called Schi- und Snowboardschule Mellau), established in 1986 in Mellau, an Austrian skiing resort, successfully sued a junior competitor, which was authorized to operate a ski school in the community of Mellau under the name Schi- und Snowboardschule Roßstelle (“Ski and Snowboarding School of Rossstelle”), for using the name Schi- und Snowboardschule Mellau Aktiv Roßstelle (“Mellau Ski and Snowboarding School, Facility at Rossstelle”).

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27. Id. at para. 21 (emphasis in original).
28. Id.
29. Id. at para. 26.
Although the senior denomination was not protected as a trade name or a trademark, the Supreme Court, concurring with the court of second instance, acknowledged the existence of a risk of confusion owing to the two-decade-long use of that name. It held that the use of the term “Schischule” or “Schi- und Snowboardschule” in combination with the toponym “Mellau” and the words “Aktiv Roßstelle” suggested a commercial or organizational connection between the parties. As a consequence, the competitor was enjoined from using the contested name because it violated public policy in the course of business activity. The Supreme Court also ruled, however, that the competitor could use the authorized denomination Schi- und Snowboardschule Roßstelle together with the toponym “Mellau.”

I.C. Distinctiveness

The senior firm mark IMMOFINANZ and the junior firm mark IMMOFINA were the subject of a conflict. Their respective owners, IMMOFINANZ AG and Immofina Holding GmbH, are active in the field of mortgaging. Initially, the Supreme Court held that IMMOFINANZ was a weak mark; however, after the plaintiff provided evidence that, based on a survey of relevant consumers, the mark had a notoriety of 34 percent and a distinctiveness of 28 percent, as well as a recognition of 40 percent, the Court acknowledged that the IMMOFINANZ mark had acquired distinctiveness. As the mark IMMOFINA might cause confusion, the Supreme Court granted the plaintiff’s request and ordered the defendant to cease and desist from the further use of its mark.

In view of the fragile balance between acquired distinctiveness and the need to keep the terms free for the trade, this decision is controversial, as the combination of IMMO (for Immobilien, “real estate”) and FINANZ (for Finanzierung, “financing”) is, in fact, descriptive.

The word mark GEWEBE CONDITIONER (“fabric conditioner”), registered for “bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps,” was cancelled with respect to bleaching preparations and other substances for laundry use in an action brought by a third party under Article 33(1) of the Austrian Trademark Act. The Supreme Patent and Trademark Board held that the descriptive nature of the mark for the trades concerned

30. Case No. 4 Ob 187/05m (Supreme Court, November 8, 2005), ÖBl 2006, 126.
31. Case No. 4 Ob 175/05x (Supreme Court, October 4, 2005), ÖBl 2006, 72.
suggested that the designated products were used to bring fabrics into a specific shape or condition.

However, the Supreme Patent and Trademark Board fully upheld the word mark DOWNY GEWEBE CONDITIONER, registered by the same enterprise for softeners and starch for laundry purposes. It found that DOWNY was perceived mostly as a proper name (being associated with the word “down” at best) rather than as a synonym for “fluffy” or “soft.”

The owner of the word-logo mark STEIRER PARKETT, DAS ORIGINAL (“Styrian parquet, the original”) filed an injunction action, along with a request for an interim injunction, against an alleged infringer to prevent its further use of the term STEIRER PARKETT, but it failed even in preliminary proceedings.

On appeal, the Supreme Court noted that the only components of a trademark that are protected are those that are per se distinctive, and therefore their use by unauthorized parties is likely to cause confusion. The Court found, however, that in this case the word component STEIRER PARKETT served only as a reference to a region, as opposed to a specific enterprise, and the meaning of the word PARKETT, for paneled wooden floors, was obvious. Owing to the descriptiveness of the word component, the Supreme Court held that trademark infringement had not occurred.

The owner of a large shopping mall to the south of Vienna, which had been in operation since 1976 first under the name SCS and then as Shopping City Süd (“Shopping City South”), owned both a word-device mark and a word mark for SHOPPING CITY, the former similar in priority to the name of the mall, the latter registered in 2003 on the basis of acquired distinctiveness. A competitor, which had been running four shopping malls under the name Shopping City Seiersberg, owned corresponding SHOPPINGCITY SEIERSBERG word and word-device marks. The owner brought an action against the competitor seeking to prohibit the use of the latter’s marks, on the ground that they infringed its SHOPPING CITY trademarks. The action was dismissed at both the first and the second instance.

On appeal, the Supreme Court affirmed the lower courts’ decisions. It found that the word combination SHOPPING CITY was merely descriptive and therefore not capable of being protected on its own. A survey showing an ascertained distinctiveness of 27 percent and 13 percent (for guided and unguided questions, respectively) was not sufficient to prove

34. Case No. 4 Ob 158/05x (Supreme Court, November 8, 2005), ÖBl 2006, 179.
acquired distinctiveness; therefore, the registration of the owner’s mark was declared invalid.35

I.D.1. Similarity of Marks

The Supreme Patent and Trademark Board sustained the cancellation action brought by LUWA Textile Air Engineering AG, owner of two Austrian word marks LUWA, registered in 1986 and 1999, respectively, against the word-device mark LUWA KÄLTE-KLIMA-REINRAUMTECHNIK-GMBH, registered in 2002 by LUWA Kälte-Klima-Reinraumtechnik-GmbH for various machinery and repair services. Given that the senior trademark was included in the younger as a whole, as opposed to serving as merely a subordinate element, and that the goods and services covered were for the most part identical, the outcome of the case was foreseeable.36

Based on the existence of the senior trademark APROVEL, for pharmaceutical preparations, the junior trademark APOWELL, for nutritional supplements, was cancelled by the Supreme Patent and Trademark Board. The Board held that as the marks featured the same concurrent sequence of vowels and both the number of syllables and the beginning and ending syllables were the same, the aural perception of the marks was almost identical. In addition, the goods covered were regarded as similar, as they complemented each other functionally.37

The owner of the word mark SALZBURGER MOZART SCHINKEN (“Mozart ham from Salzburg”), registered for ham, filed a discontinuance action and a corresponding request for a preliminary injunction against a competitor that was selling ham under the mark MOZART SCHINKEN with a graphic depiction of the competitor firm’s logo (the letter W).

The Upper District Court of Vienna dismissed the preliminary injunction request. It held that the mark SALZBURGER MOZART SCHINKEN consisted of a toponym (Salzburg), a generic term (“Schinken” = ham), and the component Mozart, the last being potentially distinctive but well worn, and therefore of little significance. The result was a weak mark, with the combination lacking any distinctive peculiarity.

With weak marks of little distinctiveness, even small differences may suffice to rule out risk of confusion. Thus, the

35. Case No. Ob 38/06a (Supreme Court, July 12, 2006), ÖBl 2007, 22.
Upper District Court of Vienna held that the combination of the letter W and MOZART SCHINKEN was sufficient to establish distinctiveness, and it dismissed the request for a preliminary injunction.\textsuperscript{38}

British American Tobacco Company, the owner of various longstanding trademarks LUCKY STRIKE & Design (below, illustration at left), registered for cigarettes, filed a discontinuance action and a corresponding request for a preliminary injunction against a competitor that was distributing packages of cigarettes under the brand O'NEILL (below, illustration at right).

The plaintiff succeeded at both the first and the second instance. The courts acknowledged that there was “a certain degree of recognition” of the plaintiff’s marks (which entitled them to the increased protection afforded famous marks); consequently, they concluded that a risk of confusion existed between the marks at issue.\textsuperscript{39}

The Supreme Court, however, rejected the request for a preliminary injunction. It held that the plaintiff had not proven that LUCKY STRIKE was a famous trademark. The Court acknowledged that the mark had only average distinctiveness, and therefore should be afforded no added protection. Hence, the Supreme Court ruled that for combined marks, the word component, rather than the graphic component, is the decisive feature, and consequently LUCKY STRIKE and O'NEILL were not confusingly similar.\textsuperscript{40}

As the LUCKY STRIKE trademarks can be deemed at least well known, if not famous, British American Tobacco may still bring forth evidence to prove their fame in the regular proceedings, if it chooses to pursue them.

\textsuperscript{38} Case No. 1 R 2/06f (Upper District Court of Vienna, February 24, 2006), ÖBl 2006, 223.

\textsuperscript{39} Case No. 18 Cg 95/05t-3 (Commercial Court of Vienna, August 1, 2005); Case No. 5 R 160/05v (Vienna Court of Appeals, November 23, 2005).

\textsuperscript{40} Case No. 4 Ob 5/06y (Supreme Court, April 20, 2006), ÖBl 2006, 275.
**I.E. Bad Faith**

A manufacturer of hand fire extinguishers had been selling its products since 1996 under the brand name FIREKILLER. One of the distributors, the manufacturer’s almost exclusive agent for Hungary, registered the trademark FIREKILLER, for its own fire extinguisher, in Austria and other European countries in 1998 after being assured by a former business partner of the manufacturer that it (the former business partner) owned the “name rights” for FIREKILLER. Claiming trademark infringement, the Hungarian distributor sent letters to the Austrian distributor and a hardware store chain warning them not to distribute the manufacturer’s products under the FIREKILLER NAME and threatened to file a cease and desist suit, as well as damage claims, against them. The manufacturer then filed against the Hungarian distributor a discontinuance action and a request for a preliminary injunction ordering it to cease and desist with regard to the warning allegations.

The Supreme Court granted the plaintiff’s preliminary injunction request. It held that FIREKILLER was a descriptive term, which required proof of acquired distinctiveness to be registered. As the Austrian trademark had been registered without such proof, there was no *prima facie* evidence of distinctiveness and thus no basis for a warning letter. Moreover, the Supreme Court ruled that the Hungarian distributor could not claim any right in its trademark because, by filing the trademark, it had been violating its duty of loyalty to the manufacturer, acting in bad faith under trademark law and against public policy under unfair competition law.41

**I.F. Famous and Well-Known Marks**

Based on its various RED BULL Community trademark registrations (word, device, and combined marks), the well-known energy drink enterprise Red Bull GmbH filed a discontinuance action and a request for a preliminary injunction at the Commercial Court of Vienna (the court of first instance for Community trademark matters) against the Turkish firm Prima Gida Sanayi ve Ticaret Limited Sirketi, owner of the junior Austrian trademark RED DRAGON (with logo), which distributed energy drinks under that mark in Austria. The plaintiff claimed that RED BULL was a famous mark and demanded that the defendant cease and desist from operating in the territory of the European Union, citing risk of confusion with and exploitation of the reputation of the RED BULL trademarks.

41. Case No. 4 Ob 28/06f (Supreme Court, April 20, 2006), ÖBl 2006, 228.
Although the preliminary injunction was dismissed by the court of first instance, it was subsequently granted by the court of second instance on the ground of risk of confusion. The decision was upheld by the Supreme Court, which reasoned that the famous marks had been exploited within the range of similar goods, and therefore a showing of likelihood of confusion was not required. Rather, because the use of a similar mark for identical goods usually suggests bad faith, the defendant should have been required to bring forth evidence to the contrary. However, the defendant failed to justify the mark’s resemblance to the plaintiff’s Community trademarks.42

Based on the word-device mark RED BULL (below, illustration at left), which is recognized as famous, and the word mark BULL, both registered for nonalcoholic beverages and used in connection with energy drinks, the junior word and word-device marks AMERICAN BULL (below, illustration at right), registered for the same goods, were cancelled upon request of the plaintiff, Red Bull GmbH.

The component BULL was acknowledged to be the dominating part of the RED BULL mark and was also separately protected as a mark. This dominating component, as well as the mark BULL, were incorporated into the contested trademarks, whereas the component AMERICAN was of little significance. Also, the device and color scheme of the AMERICAN BULL word-device marks were merely subordinate elements. As a consequence, the contested trademarks were perceived as a spin-off from the basic BULL mark, and, thus, risk of indirect confusion was acknowledged.43

42. Case No. 4 Ob 122/05b (Supreme Court, November 29, 2005), ÖBl 2006, 180.
I.H. Assignment

Two requests for recordal of assignment on behalf of two different assignees had been filed almost simultaneously for the same trademark. As the earlier request failed to identify the assigned trademark properly, it was returned for resubmission. The assignee responded to the order for improvement with, among other things, an affidavit, signed by the trademark owner, declaring that the submitted assignment document also covered the pertinent trademark. The other assignee argued that the affidavit was signed under economic pressure and therefore did not reflect the real intention of the assignor. It submitted a sales contract as proof that it was the unregistered owner of the trademark.

The earlier, deficient request for recordal of assignment was dismissed by the Legal Division of the Austrian Patent Office, and its decision was upheld by the Office’s Appeal Division. As the procedure for recordal of assignments is a written one, the case turned on the content of the assignment documents at the time the request was filed. Any changes in the intention of the parties after the filing of an assignment request are irrelevant, and fundamental deficiencies in the request, which render recordal of the assignment impossible, cannot successfully establish priority.

An assignment document suffers from irremediable deficiencies if the assigned trademark is not identified properly at the time the request is filed.

II.C.1.c. Corporate and Trade Names

A society, incorporated in 1993 and named Zukunft Österreich (“Future of Austria”) for short, filed an action for an injunction and a request for an interim injunction, based on its personality right, against the use of its name by the political party Bündnis Zukunft Österreich (“Alliance for the Future of Austria”), abbreviated BZÖ. As provisional proceedings must not establish irreversible circumstances, such as the cancellation of the name of a political party, the Supreme Court enjoined the defendant from using the term “Zukunft Österreich,” either by itself or in combination with “Bündnis,” and required the addition of a distinctive element, such as the abbreviation BZÖ.

II.C.1.f. Device and Design Marks

In and around the Austrian city of Gmunden, a distinctive style of dinnerware (pottery with white glaze and green patterns),

45. Case No. 4 Ob 213/05k (Supreme Court, November 29, 2005), ÖBl 2006, 183.
known under the name Gmundner Keramik (“ceramic from Gmunden”), has been manufactured since the beginning of the 17th century.

An enterprise, in business since 1903, obtained in 2004 a registration for two device marks (a plate and a cup) with the characteristic patterns. A survey, undertaken in 2002, had shown an overwhelming degree of attribution (over 90%) for the products of that enterprise. A junior competitor, also located in Gmunden, imported Czech porcelain that featured the distinctive patterns and distributed it under the mark GMUNDNER PORZELLAN (“porcelain from Gmunden”). Thereupon, the senior company brought an action for a cease and desist order, based on trademark and competition law.

The company was successful in provisional proceedings. However, the preliminary injunction was granted by the Supreme Court on the basis of acquired distinctiveness of the plaintiff’s products and the resulting protection afforded under competition law, not on the basis of trademark law. As the device marks had not been registered on the basis of acquired distinctiveness and the patterns were used throughout the region, the Court determined that the marks lacked distinctiveness, and consequently it did not take them into consideration in the provisional proceedings.\textsuperscript{46}

\textbf{II.C.3. Geographical Indications/Appellations of Origin}

Based on numerous Austrian and international trademarks, all with the initial syllable BUD-, among them BUDWEISER, BUDVEISER-BUDVAR, BUDWEISER BUDBRÄU, and BUDVAR, the world-famous Czech brewery from Budweis (Czech Budweis) brought a cease and desist action against the Austrian distributor of the trademark-protected U.S. beers AMERICAN BUD and BUD LIGHT. The action was based on the senior trademark rights, but not on the trademark BUD, which had been cancelled owing to non-use.\textsuperscript{47}

The plaintiff claimed risk of confusion, deception, exploitation of goodwill, and violation of public policy through a breach of a bilateral treaty between Austria and the former Czechoslovakia, in accordance with which the mark BUD was protected with respect to beer in Austria.

While the Supreme Court ruled against risk of confusion, deception, and the exploitation of goodwill because of a lack of similarity of the marks (in spite of identical goods), it held, in accordance with the European Court of Justice’s ruling in

\textsuperscript{46} Case No. 4 Ob 89/06a (Supreme Court, June 20, 2006), ÖBl 2007, 27.

\textsuperscript{47} See 94 TMR 303 (2004).
Budějovický Budvar, národní podnik v. Rudolf Ammersin GmbH,\textsuperscript{48} that, in consideration of the European primary law governing the free exchange of goods, the claimed protection of the mark BUD on the basis of a bilateral treaty was relevant to the case: only if the term “Bud” was a “simple and indirect designation of origin” would it not violate EU primary law, thereby allowing the plaintiff to bring a cease and desist action.

As the courts of first and second instance did not decide whether the Czech public perceived the mark BUD with respect to beers as a hint that the beer came from a specific town, region, or country, the Supreme Court remanded the case to the court of first instance (Commercial Court of Vienna) for amended proceedings.\textsuperscript{49}

\textbf{II.E. Examination and Opposition}

During examination of admission for protection in Austria of an international trademark, an invalidity request was filed by the owner of another trademark. The trademark at issue ultimately was denied protection \textit{ex tunc} (as from the day of registration) by the Administrative Court. Therefore, the Nullity Division of the Austrian Patent Office halted the invalidity proceedings and, in the absence of applicable law, awarded costs per analogism. As costs are awarded to the claimant when a trademark expires during invalidity proceedings, the Nullity Division applied this to the case at hand, in which the trademark was cancelled retroactively prior to the invalidity proceedings.\textsuperscript{50}

\textbf{III.A.5. Domain Names}

The Österreichischer Rechtsanwaltskammertag (abbreviated ÖRAK) (“Austrian Chamber of Lawyers”), the statutory representative of all Austrian lawyers, maintains a longstanding website under the domain name rechtsanwaelte.at. The junior domain name rechtsanwaeltle.at was registered for a German operator of search engines. The domain names differed only in the use of “ae” versus the “ä” with umlaut (the umlaut mark was not available when domain names were first allotted).

ÖRAK brought an action against the German operator for domain grabbing, intent to mislead, and violation of the right to a name. It asked for a cease and desist order and a consent to assignment of the domain name.

\textsuperscript{48} Case C-216/01 (ECJ, November 18, 2003), [2003] ECR I-13617, GRUR Int. 2004, 131.

\textsuperscript{49} Case No. 4 Ob 127/05p (Supreme Court, November 29, 2005), ÖBl 2006, 219 = GRURInt. 2006, 1037.

The Supreme Court granted the cease and desist order but denied the request for assignment of the domain name. It found that the defendant lacked the intent to infringe, and as a consequence it held that the junior domain name was not registered in contravention of public policy. It also held that there was no risk of deception on the part of the defendant, as the starting page of www.rechtsanwälte.at provided sufficient information that it was not the website of ÖRAK (i.e., not www.rechtsanwaelte.at). However, the Supreme Court acknowledged that the generic term “Rechtsanwälte” had acquired distinctiveness, and therefore it ruled in favor of ÖRAK and granted the request for a cease and desist order.51

Based on senior rights to the marks WIN SÜD and WIN and the email addresses winsued@kompetenz.at and win1@kompetenz.at, the owner of the business publication Wirtschaftsnachrichten Süd succeeded in its action against the owner of the junior business magazine win.Magazin für Wirtschaft und Erfolg (“win.Magazine for Economy and Success”) and its mark WIN.

In accordance with its previous judgments, the Supreme Court ruled that under civil law, namelike domain names establish enforceable rights in a name. As soon as such a domain name (by means of an email address) is used, it enjoys protection as a trade name under competition law. In this case, given that the email addresses had been used prior to the first publication of the junior periodical, the components “winsued” and “win” were distinctive, and the junior periodical’s component “win” was confusingly similar to the senior marks, the Supreme Court granted a preliminary injunction prohibiting the use of “win” in the junior periodical and the associated mark.52

III.A.5.b. Typosquatting

A whirlpool manufacturer owned the word mark ARMSTARK (“Armstrong”) and various domain names, such as armstarkwhirlpools.at, armstarkwhirlpools.com, armstark-whirlpools.at, and armstark-whirlpools.com. The company filed a cease and desist action and a corresponding request for a preliminary injunction against a competitor whose website, maintained under the domain name whirlpools.at, featured a “catch-all” function. This function withheld the sublevel domain for all websites composed of the top-level domain “.at” and the second-level domain “whirlpool.” Consequently, the user was always directed to the competitor’s website www.whirlpools.at. The

51. Case No. 4 Ob 165/05a (Supreme Court, February 14, 2006), ÖBl 2006, 272.
52. Case No. 4 Ob 59/05 p (Supreme Court, August 11, 2005), ÖBl 2006, 130.
whirlpool manufacturer claimed that the catch-all function was an illegitimate use of its trademark and domain name, as the user would be directed to the www.whirlpools.at site if he or she accidentally typed www.armstark.whirlpools.at instead of www.armstarkwhirlpools.at. It further asserted that typosquatting—that is, the registration of as many variations of known marks of third parties as possible—was a practice that contravened public policy.

While the case was dismissed at the first two instances, the preliminary injunction was ultimately granted by the Supreme Court. It held that the use of a catch-all function was comparable to luring away customers in front of a competitor’s store. This practice was, in fact, considered to be contrary to public policy and in violation of competition law. However, the Court also held that the defendant neither violated trademark law nor misused the plaintiff’s domain name, as it did not use the component “armstark” in a way that could be perceived by the public. In addition, the Supreme Court ruled that the competitor’s acts did not constitute typosquatting, as that activity required the registration of a domain name that was similar to that of a third party.53

This decision, according to which the catch-all function gives way to a form of competition that contravenes public policy, poses a problem insofar as it might eliminate altogether the use of this feature, which is a technically feasible and useful function. Presumably, future decisions in similar cases may modify the Supreme Court’s ruling.

III.A.6.a. Online Ads

The owner of Austrian and Community registrations for the trademark GLUCOCHONRIN filed a request for a cease and desist order and an interim injunction against the operator of the GOOGLE search engine because search results for GLUCOCHONDRIN featured advertisements and links that either referred to rival enterprises or products or had no relation to the search term. The trademark owner claimed that the GOOGLE engine aided the exploitation of its trademarks by others, thus collaborating with competitors for remuneration in violation of competition law.

The request was rejected at all three instances in provisional proceedings. The Supreme Court ultimately held that in the absence of a warning letter, the operator of a search engine is not required to screen the search terms used by its clients for possible trademark infringements or violations of competition law. Only if an infringement is obvious to the layman is the operator required

53. Case No. 4 Ob 131/05a (Supreme Court, July 12, 2005), ÖBl 2006, 132.
to take action, as only in such a case would the operator be intentionally assisting the infringer by not screening the search terms.54

III.A.6.c. Metatags

The owner of an institute for physical therapy used the term KIESER TRAINING repeatedly in the source code of its website. Various trademarks for KIESER TRAINING are owned by the originator of the famous therapeutic weight training program. While the term was not part of the visible website, the website of the institute yielded prominent search results as a result of the metatagging of the KIESER TRAINING mark.

The trademark owner sued the institute for using his trademark, his name, and his firm’s name and asked for an interim injunction. In provisional proceedings the court of first instance dismissed the request for a preliminary injunction. The second instance court (Upper District Court of Vienna) granted the request. It held that the use of a trademark as a metatag in the source code constituted trademark infringement, as the physical therapy institute did not have a legitimate interest in the use of the term and the use was not in accordance with the rightful practice of the trade.55 Metatags serve to establish identity and distinctiveness of websites; hence, the use of a trademark in a metatag is regarded as indirect use.

III.A.8. Parallel Imports/Gray Marketing

An entrepreneur imported original CANON products from a non-EEC country to Austria, storing them in a duty-free storehouse for export to another non-EEC country. Based on criminal charges filed by the owner of the CANON trademarks and its licensee, the importer was sentenced before the Upper District Court of Vienna, the court of second instance, for professional trademark infringement, as it was infringing an Austrian trademark at least with dolus eventualis (recklessness)—that is, the importer was aware and accepted that its actions might result in trademark infringement.56

This is the first case dealing with the culpability of “commercial” parallel importers of original goods. The judgment is questionable, however, as it implies that the importer was fully aware of the complex set of laws that govern trademark infringement, yet still took the risk and pursued its illegal

54. Case No. 4 Ob 194/05s (Supreme Court, December 19, 2005), ÖBl 2006, 235.
56. Case No. 21 Bs 102/05m (Upper District Court of Vienna, September 2, 2005), ÖBl 2006, 78. See also III.E.2. Damages.
activities. It appears that the Austrian trademark law does not provide an adequate means to address this kind of offense.

III.E.2. Damages

A wholesale merchant imported original CANON products from a non-EEC country to Austria with the intention of storing them in a duty-free storehouse for further export into another non-EEC country. As duty-free storehouses are not extraterritorial, the goods were placed into circulation in Austria, resulting in this trademark infringement action.

The owner of the CANON trademarks and its licensee served the wholesale merchant with notice to cease and desist its operation, and sued for an accounting and disclosure of the involved companies. The wholesale merchant offered a comprehensive settlement, which also covered accounting; however, the proposed accounting, which included detailed information about all involved companies, would be disclosed only to an expert.

The plaintiffs refused the settlement. They argued that the defendant lacked the will to refrain from further trademark infringement, as the wholesale merchant refused to reveal its contractors and customers. The Supreme Court, however, held that the defendant had convincingly dispelled the risk of recurrence with its proposed settlement, and it rejected the request for injunctive relief. As the claim for rendering of account was not intended to facilitate prosecution of the contractors and customers of the alleged infringer, the Supreme Court deemed the offered settlement a sufficient remedy, because the purpose of the remedy (accounting) was not to obtain information about the origin and distribution of goods.57

In 2002, the Supreme Court ruled that the importing of BOSS cigarettes into Austria from a non-EEC country and their storage in a duty-free storehouse for export to another non-EEC country was a violation of the Austrian BOSS trademark.58

In subsequent proceedings, the owner of the BOSS trademark demanded an “appropriate consideration” for the violation of the Austrian trademark. It based its calculations on the assumption that the cigarettes had, in fact, been distributed in Austria. The claim was dismissed by the Supreme Court, which ruled that “[t]he usual consideration for the domestic use of a trademark is not adequate for the transfer of the branded goods through the country, because the reputation of the trademark owner is neither exploited nor damaged if the goods are not seen by the public.

57. Case No. 4 Ob 145/05k (Supreme Court, September 15, 2005), ÖBl 2006, 82.
Under such circumstances, diligent parties would never have agreed on the same consideration . . . if the goods (cigarettes) [had] been [intended for sale] in Austria.”

III.H.4. Evidence

In 2005, the owner of the International Registration for the word mark JUWEL (“jewel”), which was based on a German trademark registered in 1989 and which had been in force in Austria since 2003, filed an application for an interim injunction against the owner of the junior Austrian word-design mark KÜCHEN JUWEL (“kitchen jewel”). Both the plaintiff’s mark and the defendant’s marks had been registered in Class 29 for food.

In court proceedings, the plaintiff failed to provide sufficient evidence that it had used the German trademark, on which the international trademark was based, during the five years preceding its application for the injunction. As an interim injunction may be granted only on the basis of a trademark that is believably not vulnerable to cancellation because of non-use, the plaintiff’s action was ultimately dismissed by the Supreme Court. The Court also held that German trademark law could be applied to determine whether the basic trademark was still protected in Germany.

III.H.6.b. Who May Appeal?

In May 1998, the name of the firm that owned a trademark was entered incorrectly in the trademark register because the trademark owner’s representative erred in filing the application. In December 2005, a cancellation request was filed against the trademark based on nonexistence of the trademark owner. Thereupon, the trademark owner filed a rectification request, which was granted by the Legal Division of the Austrian Patent Office.

The applicant for cancellation, when informed of the rectification decision, demanded the delivery thereof, which was denied by the Legal Division. An appeal against this decision was rejected in limine by the Appeal Division, which held that the applicant could not prove that it had a legal right to participate in the rectification proceedings. (In other words, the applicant could not provide evidence that its rights would be sufficiently affected by the decision.) Thus, its mere interest in the outcome of the decision was not enough of a connection to the case to justify making the applicant for cancellation a party to the rectification

59. Case No. 4 Ob 36/05f (Supreme Court, July 12, 2005), ÖBl 2006, 75.

60. Case No. 4 Ob 204/05m (Supreme Court, December 19, 2005), ÖBl 2006, 137 = GRURInt 2006,525.
III.I. International Issues

A request for cancellation of the Austrian part of an International Registration was delivered to the trademark owner, a company in the Czech Republic. The general manager of the firm, who was its sole authorized representative, acknowledged receipt of the cancellation request. Then, for some reason, the document was passed to another enterprise at the same location. This error resulted in the deletion, by the Nullity Division of the Austrian Patent Office, of the Austrian part of the registration for failure to respond to the request within the prescribed period.

The owner appealed the decision, on the ground that the request was not translated into Czech and did not follow the Czech provisions for delivery. In dismissing the appeal, the Supreme Patent and Trademark Board held that it was irrelevant whether the delivery was consistent with the Czech provisions because the request had, in fact, reached the trademark owner. Furthermore, according to a 1962 judicial assistance treaty that was still in force, a translation into Czech was not required, as the document was received without reservation.62

BENELUX

I.D. Likelihood of Confusion

The activities of car dealers that are not part of the official dealer network frequently give rise to interesting case law, as in N.V. Subaru Benelux et al. v. a number of car dealers, A. et al.63 All of the defendants were former official dealers of SUBARU cars whose contract had been cancelled in 2003 following a reorganization of Subaru’s dealer network. However, they all continued to trade in new and used SUBARU cars, using, for example, the SUBARU logo on flags and printed matter and the SUBARU name in trading styles.

The Court ruled that the use of the SUBARU logo and special format of the word SUBARU infringed the plaintiff’s rights in the trademark. Also, the use of the word SUBARU on flags, suggesting that the dealer was part of the official dealer network, was

63. Case No. LJN BA6823, 297867/HA ZA 04-2822 (District Court of Amsterdam, May 23, 2007).
disallowed, as was the use in trading styles. Only use in advertising and elsewhere that mentioned SPECIALIST IN SUBARU—without the use of the SUBARU logo and format—was held acceptable. Any other use suggesting a commercial relationship with the trademark owners was unacceptable.

This judgment further limits the possibilities of non-official parties than did an earlier judgment of the Court of Appeal of Amsterdam in a matter involving the same plaintiffs and a number of car dealers. In that case, the Court of Appeal held that the use of the logo in similar circumstances was allowed.64

In yet another case concerning cars,65 the defendant, New Mini Parts B.V., aka Mini Parts and Mini Parts International, specialized in the repair and maintenance of new and old (“classic”) MINI cars and traded in those cars and their parts. It also exploited a website under the domain name miniparts.nl and used an unregistered MINI PARTS logo (see below).

![MINI PARTS logo](image)

Plaintiff Bayerische Motoren Werke Aktiengesellschaft (BMW) is the owner of the trademarks MINI, some related trademarks such as MINI COOPER, and the logos illustrated below.

![BMW logos](image)

The Court observed that although it should be possible for the defendant to use the word Mini in reference to its activities, the

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64. Case Nos. LJN AU5246, 905/04 KG and LJN AU5246, 926/04 KG (Court of Appeal of Amsterdam, July 7, 2005).

fact that it had expanded the use into a number of trading styles and a MINI PARTS logo did suggest a commercial relationship with the trademark owner.

New Mini Parts had also claimed that BMW had forfeited its right, given that the defendant had been using its trading style Mini Parts undisturbed for 15 years. Standard case law says that mere inactivity of the trademark owner is insufficient for forfeiture of rights. New Mini Parts had also purchased a MINI car from a BMW dealer in 2000; it claimed that as evidence of willful toleration on the part of the plaintiff, resulting in forfeiture of rights. The Court rejected that argument, as the specific provision of the statute deals with willful toleration of a junior registered trademark.

Subsequently, all use of the word MINI in the defendant’s trade names, the domain name miniparts.nl, and the MINI PARTS logo was enjoined. Given the long duration of undisturbed use of the Mini Parts trading style, the Court granted the defendant an additional two months to cease its use of the Mini trading styles.

**I.D.1. Similarity of Marks**

In summary proceedings, the President of the District Court of The Hague held that there was a “strong resemblance” between the trademarks AQUAFOX and AQUALOCK. Both marks were registered and used in respect of a drinking glass rinsing system that reduced water usage, for use in restaurants. As a result, the use of AQUALOCK, which was the junior mark, and its related domain names was enjoined.

**I.D.3. Conflict Between Trademarks and Corporate Names**

In 1989, B.V. International Business Seminars (IBS) had registered with the Netherlands Chamber of Commerce a number of secondary trading styles, one of which read Amsterdam Business School. In 2000, the University of Amsterdam (UvA), Faculty of Economics and Business, registered and commenced using the name ABS (AMSTERDAM BUSINESS SCHOOL) as a trademark for services. IBS filed suit against UvA before the Cantonal Court of Amsterdam for trade name infringement.

At trial, IBS failed to show any use in commerce of its secondary trading style, and its claim was dismissed by the

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68. It is not possible to obtain cancellation of a junior registration in summary proceedings.
Cantonal Judge. The Cantonal Judge also ordered IBS to reimburse UvA for its costs incurred in defending the action, up to a maximum of €6,000. On appeal, IBS argued that this amount was unjustified, as the relevant statute had not yet been implemented and the costs claimed were out of proportion to actual expenses.

The Court of Appeal upheld the dismissal of IBS's claim. It further ruled that the statute had been correctly applied and that it had a bearing on trade name matters, but that the court of first instance had failed to apply the correct amount of legal expenses incurred by UvA, some €11,500. Additionally, in the appeal UvA had claimed an amount of €11,000 in legal expenses. Both amounts were subsequently awarded to UvA.

I.E. Bad Faith

Office of Government Commerce v. Total Backup B.V. concerned the trademarks ITIL and PRINCE2, for specialized software, which marks had been registered in Benelux by the developer of the software, the UK Office of Government Commerce (OGC). Total Backup, at a later date, had registered a number of similar trademarks in respect of unrelated goods—for example, ITIL, for hand tools and implements; WWW.ITILINFO, for, inter alia, electric shavers; and PRINC2, for nonalcoholic beverages. Additionally, Total Backup had registered a number of related domain names.

When the case came to trial, Total Backup had already promised to cancel its Benelux registrations, which the court confirmed had been obtained in bad faith given that it had not made any use of these marks in respect of the goods for which they were registered but did use them in respect of IT-related services. The court held that, in any event, the defendant could not have had any intention to use its marks for those goods, as they were far from its company profile.

Moreover, OGC's mark was proven to be famous in its field of business, comparable even to a famous trademark such as EXCEL in its own field. As a consequence, the owner could also object to the registration of similar marks in different fields.

69. Directive 2004/48/EC of 29 April 2004 on the Enforcement of Intellectual Property Rights. Article 14 of the Directive provides: “Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.” Implementation of the Directive in Netherlands law had not yet been effected at the time and was overdue. The Court reasoned that as a result it should rule as if the Directive had been implemented anyway.

70. B.V. International Business Seminars v. Universiteit van Amsterdam, Case No. LJN BB0882, 1906/06 (Court of Appeal of Amsterdam, April 19, 2007).
Based on its exclusive trademark rights, OGC was also granted assignment of the similar domain names that Total Backup had obtained. Their assignment to a third party, which Total Backup had effected just days before the case was heard, was held to be unlawful *vis-à-vis* OGC, because OGC could justifiably claim that it was in fact an assignment to a straw man or even a fictitious person. As a result, Total Backup was ordered to arrange for the reassignment of the domain names to OGC.71

### III.A.3.a. Civil Actions

Getronics Pink Roccade Nederland B.V. and Computer Applications B.V. (CSA) entered into a so-called swap deal.72 Under that arrangement, Getronics ordered components of CISCO computer routers from CSA and then installed those parts in the computer networks of a number of its clients, including ING Bank N.V. After complaints by ING to Getronics and at ING’s request, Cisco’s brand protection unit established that the goods were counterfeit. Cisco claimed damages from Getronics, which the latter voluntarily paid. Subsequently Getronics claimed these, among other damages, from CSA.

In its writ of summons, Getronics claimed that it had suffered “substantial damages” because of the large-scale recall that would have been necessary. At trial, however, it appeared that “for economic reasons” no recall had been made, except for the limited number of items returned by ING. The Court held that consequently the plaintiff had not proven large-scale infringement; accordingly, it refused to grant Getronics its requested advance of €250,000 in damages plus the amount paid by Getronics to Cisco. However, the Court did order CSA to repay the entire amount paid for the merchandise, €138,000, and allowed further damages to be decided upon later.73

### III.A.5. Domain Names

The Japanese company Yonex Kabushiki Kaisha is the owner of the trademark YONEX, registered in respect of badminton articles. Belgro Badminton World is one of the many retailers in

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71. *United Kingdom of Great Britain & Northern Ireland (The Lord Commissioners of Her Majesty’s Treasury, Represented by the Office of Government Commerce) v. Total Backup B.V.,* Case No. LJN BB1252, KG ZA 07-406 (President, District Court of Bois-le-Duc, August 6, 2007). See also III.E.2. Damages.

72. Cisco does not take back sold merchandise. Getronics purchases a large number of items at once but does not want to be caught with overstock (as, for example, when an order is fully or partly cancelled). It therefore sells its overstock to CSA. When needed, Getronics purchases the same or similar items from CSA (a “swap”). It should be mentioned that this type of deal was disallowed under the contractual relationship between Getronics and Cisco.

Belgium that carry YONEX products. Belgro had claimed the domain name yonexbadminton.nl. The associated website linked to a dedicated YONEX section of www.Belgro.com, which also clearly mentioned that Belgro was one of the 140 YONEX retailers in Belgium. Additionally, Belgro used the trademark YONEX in a banner and as magnet words in the metatag of its websites. Yonex claimed that all this suggested a commercial connection between it and Belgro, whereas Belgro was only a retailer, and it requested transfer of the domain name.

The President of the District Court of Breda held that none of Belgro's activities could be seen as misleading, and he rejected Yonex KK's claims. 74

**III.B. Procedure**

Plaintiff Ons Stekje B.V. is the owner of several registrations (word and design) in Benelux for the trademark ONS STEKJE, in Classes 1, 6, 7, 8, 11, 21, and 35. Its business consists of the retailing and wholesaling of a range of products for agricultural purposes as well as garden products. It also uses Ons Stekje as its trading style.

In April 2007, defendant Mohamed Lazaar started a company in the Netherlands in the field of garden products, under the trade name Ons Stekje. The plaintiff requested the District Court of Bois-le-Duc to order the defendant to immediately cease and desist from any infringement of its trademark rights. In interlocutory proceedings, the judge ordered the defendant to cease and desist from the stated infringement. Such order, however, was not with immediate effect, but was effective ten days from the date of the court order, because the judge ordered that the defendant must be granted a reasonable period of time in order to effect the termination of the infringement. 75

This was one of the first cases to be heard in an *ex parte* proceeding in the Netherlands following the introduction of the relevant provision in the Code of Civil Proceedings. 76 These *ex parte* proceedings do not require a hearing or the informing of the defendant; they are intended for infringement cases that brook no delay and require immediate action to prevent irreparable damage. The additional "reasonable term" for continuation of the infringement granted by the judge seems to contradict the intention of the law. However, *ex parte* proceedings may well

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75. Ons Stekje B.V. v. Mohamed Lazaar aka Ons Stekje (Judge in interlocutory proceedings, District Court of Bois-le-Duc, August 6, 2007).

76. Article 1019e Rv, in force May 1, 2007.
become a popular tool with which to combat all kinds of IP-related infringements.

### III.E.1. Injunction

As previously reported, the President of the District Court of The Hague granted the petition of Joseph A. M. Hendriks to enjoin the use by ANWB B.V. of the trademark FAMILIA for a magazine, based on a trademark registration for FAMILIA that Mr. Hendriks had purchased from the receiver of a bankrupt foundation of which he had been a director. Following the change of the magazine title by ANWB, Mr. Hendriks claimed €920,000 in damages for breach of the court order. He had discovered that, among other things, the FAMILIA brand was still mentioned in old ANWB material and revealed in searches on the GOOGLE Internet search engine.

The President of the District Court of The Hague reasoned that ANWB had not been ordered to recall the magazine and could not be held responsible for the results of a GOOGLE search that revealed matters that had occurred in the past. As a result, Mr. Hendriks was enjoined from taking enforcement measures until the matter of punitive damages had been dealt with by the full court.

### III.E.2. Damages

*Office of Government Commerce v. Total Backup B.V.*, discussed above, contained another interesting element. Although OGC was awarded most of its claims and Total Backup was ordered to pay costs, OGC's claim of over €41,500 in legal fees was considered "extremely excessive" given that the matter was a "straightforward infringement case" and limited to €12,000 only. The Court found that, *inter alia*, the costs of meals at an Italian restaurant could hardly be considered legal expenses.

### III.F.1. Non-Use

The District Court of Arnhem declared two Benelux trademark registrations (word and design) for JANSEN & TILANUS void on the basis of non-use. The annulment

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78. Case No. LJN AZ5394, 277561/KG ZA 06-1457 (President, District Court of The Hague, December 29, 2006).

79. Case No. LJN BB1252, KG ZA 07-406 (President, District Court of Bois-le-Duc, August 6, 2007). See also I.E. Bad Faith.

proceedings had been instituted by the plaintiff, Robert Groeneveld, who registered JANSEN & TILANUS as a design mark (see below) and also applied for registration of the word mark.

The latter application had not led to registration owing to the applicant’s failure to complete the same. The defendant, L. Ten Cate B.V., stated that the plaintiff had no cause of action, because he lacked a valid word mark registration and therefore was not an interested party, as required by the law. This line of defence failed. The Court ruled that anybody who has an intention to use a trademark is to be considered an interested party, and the intention was made plausible by the plaintiff.

The defence also stated that JANSEN & TILANUS was to be considered a well-known trademark in the sense of Article 6bis of the Paris Convention, as a result of which non-use could not be invoked. This argument failed as well. The Court did not consider it plausible that JANSEN & TILANUS was indeed a well-known trademark in the period relevant for the case, although this might have been true in the past. A reference to, among other things, an article in the Wikipedia online encyclopedia and a pre-World War II song was considered insufficient support for the claim of fame.

The defendant also claimed to be the exclusive copyright owner of the design mark, as a consequence of which the use thereof by the plaintiff would constitute copyright infringement. The Court ruled that copyright in this case, if assumed, was without prejudice to the plaintiff’s entitlement to invoke rights under trademark law. It stated in general terms that annulment of a trademark for non-use has as a consequence that a third party who claims copyright therein may not invoke his copyright against the new trademark owner.

**BRAZIL**

**I.B.2. Merely Descriptive**

The 1st Notary’s Office of Niterói and its owner, Gilson Carlos Santana, brought a lawsuit before the 7th Civil Court of Rio de Janeiro against Sociedade Brasileira de Instrução, a legal entity

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responsible for the administration of University Candido Mendes, seeking an injunction to prevent the use of the expression “forum” (the Portuguese word for “courthouse”).

The plaintiffs alleged that (1) the word “forum” was protected as a trademark in their own name and as a copyrighted title of a work filed in the National Library Registry, and (2) the word was being wrongfully reproduced in the internal bulletin of Candido Mendes Law School, Forum Candido Mendes. The trademark FORUM was used by the plaintiffs as the title of a legal newsletter distributed to, among other groups, judges, government authorities, notary’s offices, the Bar Association, and universities.

The judge found that the defendant was infringing the plaintiffs’ trademark rights and copyright in the expression “forum.” Accordingly, the Court granted a preliminary injunction for the seizure of the copies of the internal bulletin owned by Candido Mendes Law School.

Sociedade Brasileira de Instrução filed an interlocutory appeal before the 2d Civil Chamber of the Court of Appeals of Rio de Janeiro. The appellate court revoked the lower court’s decision, finding that the plaintiffs had failed to meet the requirements for injunctive relief: there was neither a likelihood of their prevailing on the merits (fumus boni juris) nor a risk of irreparable harm to them should the decision be delayed (periculum in mora).

In its defense Sociedade Brasileira de Instrução asserted that the word “forum” was used to designate the court itself and hence was not subject to any exclusive use. Therefore, FORUM was a sign of generic, descriptive, and/or common use when it appeared in law publications. In all, the word had been used in 63 different publications. The defendant argued, further, that (1) the parties’ publications were sufficiently distinctive; (2) their respective graphic components had sufficient distinctiveness that any likelihood of consumer confusion was avoided; and (3) the trademarks were registered in different classes (Class 16 for the plaintiffs and Class 41 for the defendant).

The defendant also presented a counterclaim for damages stemming from the seizure of the copies of the internal bulletin, in addition to remuneration for damage to the reputation of Candido Mendes Law School incurred as a result of the complaint.

The court expert presented a report that concluded that the defendant had not infringed any trademark rights and/or copyright of the plaintiffs. The judge overruled the complaint, as well as the

83. Application No. 822.188.384, filed November 12, 1999, for the composite mark FORUM, in old Brazilian Class 11.10, in the name of Cartório do 1º Distribuidor de Niterói.
84. Registration No. 823.144.437, granted November 28, 2006, for the word mark FORUM CANDIDO MENDES, in Class 41, in the name of Sociedade Brasileira de Instrução.
defendant’s rejoinder, and held the plaintiffs responsible for court expenses and attorney fees.\textsuperscript{85}

The parties appealed the decision on the merits; however, it was upheld by the Court of Appeals of Rio de Janeiro.\textsuperscript{86}

The Brazilian Patent and Trademark Office (PTO) published, for opposition purposes, the application for registration of the trademark ALL INCLUSIVE, to cover hotel, food, and drink services in Class 43, in the name of VRL International Limited.\textsuperscript{87}

Marriot International, Inc., along with its subsidiaries Renaissance Hotel Holdings and Marriot Worldwide Corporation, filed a belated opposition to restrain the PTO from granting registration for the applied-for mark. The petition was based on the generic and descriptive nature of the expression “all inclusive,” which had been widely adopted by hotel chains around the globe. Therefore, the opponents argued, the trademark should not be registered by the PTO, pursuant to Article 124.VI of the Brazilian Industrial Property Law.\textsuperscript{88}

The expression “all inclusive” is in common use in the hotel and travel businesses, most often in reference to a plan prepaid by guests prior to departure in order to avoid incurring additional expenses during a vacation. The opponents argued that if the PTO allowed registration for the word mark ALL INCLUSIVE, all companies engaged in hotel and travel services would have to refrain from using the expression in advertising and the like. Hence, VRL International Limited should not be entitled to any exclusive right over a term so commonly used in those particular businesses.

In support of its petition, Marriot provided copies of popular travel magazines, showing in the advertisements that every hotel or travel agency employed “all inclusive” to designate the services included in the fixed rate.

Based on Article 124.VI of the Industrial Property Law, the PTO rejected the trademark application for ALL INCLUSIVE in the name of VRL International Limited.\textsuperscript{89}

\textsuperscript{85} Published in Official Gazette, September 19, 2006.
\textsuperscript{86} Appeal No. 2007.001.12049, decided April 4, 2007.
\textsuperscript{88} Law No. 9279/96, May 14, 1996. Article 124.VI provides: “The following shall not be registrable as marks: . . . signs of a generic, necessary, common, ordinary or simply descriptive nature, when related to the product or service to be distinguished, or those commonly used to designate a characteristic of a product or service regarding its nature, nationality, weight, value, quality and time of production or providing of a service, except where presented in a sufficiently distinctive form.”
\textsuperscript{89} Published in Official Bulletin No. 1889, March 20, 2007.
I.D.1. Similarity of Marks

The PTO published, for opposition purposes, the application filed by Confecções Sanprieto Ltda. for registration of the trademark WXÔNGLER in Class 25 (see below), to cover clothing, shorts, blazers, pants, shirts, blouses, jackets, overalls, knits, coats, skirts, topcoats, and suits.\(^{90}\)

Wrangler Apparel Corporation (Wrangler) filed an opposition against the application. The opponent argued that (1) the WXÔNGLER mark was very similar to its trademarks WRANGLER, registered for the same products in the same class,\(^{91}\) and (2) the PTO had already rejected several marks because of their similarity to the WRANGLER trademarks.\(^{92}\)

\[\text{WXÔNGLER}\]

The PTO denied Wrangler’s opposition\(^{93}\) and granted the trademark registration for WXÔNGLER in the name of Confecções Sanprieto Ltda.\(^{94}\)

Wrangler then filed an administrative nullity request,\(^{95}\) in which it reiterated its claims. Additionally, Wrangler argued that the coexistence of the marks would cause confusion among consumers, which would constitute an act of unfair competition under Article 195 of the Industrial Property Law.\(^{96}\)

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\(^{91}\) Registration No. 003.031.985, granted October 12, 1964; Registration No. 006.716.334, granted July 10, 1978; Registration No. 006.716.342, granted July 10, 1978; Registration No. 770.158.501, granted April 13, 1982; Registration No. 800.297.733, granted April 17, 1984.

\(^{92}\) Application No. 760.305.838, rejected as per publication in Official Bulletin No. 942, November 8, 1988; Application No. 812.505.344, rejected as per publication in Official Bulletin No. 925, July 12, 1988; Application No. 814.178.227, rejected as per publication in Official Bulletin No. 1005, February 6, 1990; Application No. 815.994.400, rejected as per publication in Official Bulletin No. 1115, April 14, 1992; Application No. 816.146.071, rejected as per publication in Official Bulletin No. 1244, October 4, 1994; Application No. 816.514.399, rejected as per publication in Official Bulletin No. 1169, April 27, 1993; Application No. 816.736.545, rejected as per publication in Official Bulletin No. 1145, November 10, 1992.

\(^{93}\) Published in Official Bulletin No. 1637, May 21, 2002.

\(^{94}\) Registration No. 820.044.652, granted as per publication in Official Bulletin No. 1659, October 22, 2002.


\(^{96}\) Article 195 provides, in pertinent part, as follows: “An act of unfair competition is committed by any person who: . . . III - employs fraudulent means to divert someone else’s clientele, for his own benefit or that of another; [or] IV - uses the advertising expression or sign of another person, or imitates it, in a manner liable to cause confusion between products or establishments. . . .”
The PTO determined that its registration of the contested mark contravened Article 124.XIX of the Industrial Property Law. Accordingly, it sustained Wrangler’s administrative nullity request and thereby nullified the trademark registration for WXÔNGLER pursuant to Article 168 of the Industrial Property Law.

The PTO published, for opposition purposes, the application for registration of the trademark PROTOSOL in old Brazilian Class 05.16, which covers “medicines acting upon blood and the hematopoietic organ,” in the name of Kamada Ltd.

Les Laboratoires Servier, a French company, filed an opposition based on its trademark registration for PROTOS in Class 5, covering “pharmaceutical preparations for the preventive treatment and curative [i.e., relief] of osteoporosis.” The opponent’s main arguments were as follows:

1. The applied-for trademark PROTOSOL should be considered a partial reproduction of PROTOS, because both marks were extremely similar both phonetically and visually;
2. Confusion over medical trademarks could lead to serious liability for both companies; and
3. The trademark PROTOS was already registered in other countries in the name of Les Laboratoires Servier.

The PTO rejected the application, citing as grounds for its decision Article 124.XIX of the Industrial Property Law. The prior-registered trademark PROTOS, owned by Les Laboratoires Servier, was cited as being an impediment to the registration of the trademark PROTOSOL by Kamada Ltd.

I.F. Famous and Well-Known Marks

The Coca-Cola Company (Coca-Cola) brought a lawsuit before the 11th Federal Court and the PTO of Rio de Janeiro, State of Rio de Janeiro, against Distribuidora e Fábrica de Bebidas São José
Ltda. (São José). Coca-Cola sought to nullify São José’s trademark registration for TOKE, covering “alcoholic and nonalcoholic beverages, syrups, juices, ice and materials for the making of beverages and for freezing beverages, syrups and juice concentrates; and substances for the preparation of beverages in general,” on the following grounds:

1. Coca-Cola had owned, since 1944, trademark registrations for COKE in old Brazilian Classes 35.10 and 35.20, that cover nonalcoholic beverages;
2. COKE qualified as a well-known mark, in accordance with Article 126 of the Industrial Property Law;
3. São José’s use of its trademark infringed Coca-Cola’s intellectual property rights; and
4. The PTO had previously rejected other applications for marks that constituted an imitation and/or reproduction of the trademark COKE.

The first instance judge accepted the defendants’ arguments that the marks in conflict could coexist and held that the trademark COKE was so renowned that consumers could not be led into confusion. The judge ordered the payment by the plaintiff of official and attorney fees, plus 10 percent over the amount in dispute, pro rata.

Coca-Cola appealed the first instance decision. In February 2007, the Federal Court of Appeals for the 2d Circuit suspended the effects of the registration for the trademark TOKE based on the prior registration for the well-known mark COCA-COLA. The decision was grounded on Article 124.XIX of the Industrial Property Law, which affords special protection to trademarks, such as COKE, that are considered famous.

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103. Registration No. 816.122.237 in old Brazilian Classes 35.10 and 35.20, granted June 6, 1995.
104. Registration No. 002.289.628, granted May 18, 1944; Registration No. 005.019.745, granted April 24, 1959; Registration No. 810.980.533, granted January 17, 1984.
105. Article 126 provides:

Marks that are well known in their field of activity pursuant to Article 6bis(1) of the Paris Convention for the Protection of Industrial Property shall enjoy special protection, whether or not they have been previously filed or registered in Brazil.

Paragraph 1 - The protection afforded by this article shall also apply to service marks.

Paragraph 2 - INPI [the PTO] may reject ex officio an application for registration of a mark that, wholly or partially, reproduces or imitates a well-known mark.
**II.C.2. Trade Dress**

In May 2006, Cervejarias Kaiser and Cervecería Cuauhtémoc Moctezuma S.A., two companies of the Mexican group FEMSA, brought a lawsuit before the 27th Civil State Court of São Paulo against the Brazilian firm Companhia de Bebidas das Américas – AMBEV, requesting complete cessation of use, commercialization, and advertising of all products, in particular, beer, bearing the trademark PUERTO DEL SOL or any other mark similar to FEMSA’s trademark SOL.\(^{109}\) The plaintiffs requested a preliminary injunction to stop the alleged infringement. Products bearing the marks at issue are shown below.

In their complaint the companies argued that:

1. AMBEV had launched a new beer, PUERTO DEL SOL, whose bottle label bore a reproduction of FEMSA’s trademark SOL, without authorization;
2. AMBEV’s beer bottle imitated the trade dress of FEMSA’s SOL product;
3. The commercialization of the beer and usage of the trademark PUERTO DEL SOL constituted trademark infringement, pursuant to Article 189 of the Industrial Property Law;\(^ {110}\)
4. The similarity of both the trademarks and the packaging constituted unfair competition, in accordance with Article 195 of the Industrial Property Law;
5. The elements of the claim had met a sufficiently high standard to justify the entry of summary judgment, and

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110. Article 189 provides:

An infringement of a registered mark is committed by any person who:

I – reproduces, in whole or in part, a registered mark, without the authorization of the owner, or imitates it in a manner that may cause confusion; or

II - alters the registered mark of another person already affixed to a product that has been placed on the market.

Penalty – imprisonment from 3 (three) months to 1 (one) year, or fine.
therefore the plaintiffs had established a *prima facie* case; and

6. There was a danger that a delay in the decision could cause irreparable damage to FEMSA (*periculum in mora*).

The Court understood that the presence in the market of the defendant’s PUERTO DEL SOL product might confuse the consumer because of the similarity of its name and packaging to those of FEMSA’s beer SOL. Accordingly, on May 26, 2007, the Court granted a preliminary injunction ordering AMBEV to remove its beer from the store shelves.

Five days prior to that decision, AMBEV filed an interlocutory appeal against the injunction with the 7th Private Law Chamber of the São Paulo Court of Justice. AMBEV argued that:

1. The products SOL and PUERTO DEL SOL were sufficiently distinct;
2. The distinctiveness of PUERTO DEL SOL was sufficient to avoid the possibility of confusion by consumers;
3. The plaintiffs were barred from claiming exclusivity for SOL, an element in the public domain;
4. The name PUERTO DEL SOL was derived from the word for sun, a common national, religious, and cultural symbol in Latin America;
5. SOL was not a distinctive mark, and should not receive special protection; and
6. Unfair competition was not implied merely because the plaintiffs had provided evidence that the two products were competing in the same industry.

The preliminary analysis of the São Paulo Court of Justice was made solely by the Reporter Justice. In the instant case, the Reporter Justice suspended the preliminary injunction granted by the lower court. However, the 7th Court affirmed the lower court’s verdict, thus establishing the validity of the injunction against AMBEV. Consequently, AMBEV was forbidden to sell or advertise PUERTO DEL SOL beer; any such sales would be subject to the payment of a fine of R $500,000 (approximately US $250,000).

FEMSA asked for an indemnification of R $50,000,000 (approximately US $25,000,000) against possible disobedience to the cease and desist order. A decision regarding this indemnification is still pending.

The Coca-Cola Company (Coca-Cola) and Coca-Cola Indústrias Ltda. (CCIL) filed a lawsuit before the 5th Civil Court Specialized

111. Interlocutory Appeal No. 453.276.4/2-00, filed May 21, 2007.
in Industrial Property Law of Rio de Janeiro, State of Rio de Janeiro, against the firm Indústria e Comércio de Bebidas Funada Ltda. (Funada), seeking to stop the defendant from manufacturing and commercializing products bearing the trademark REFRI-COLA.\footnote{Lawsuit No. 2006.001.128648-9, filed October 3, 2006.} In addition, the plaintiffs sought damages for lost profits, based on unfair competition, for Funada’s use of a bottle substantially similar to Coca-Cola’s famous contour bottles, which, they claimed, had caused confusion among consumers.

In October 2006, the Court granted Coca-Cola and CCIL injunctive relief, ordering the defendant to immediately cease all efforts to commercialize, manufacture, sell, expose, and use products bearing the infringing mark and its bottle’s industrial design.\footnote{Decision of October 4, 2006, published in Official Gazette, October 11, 2006.}

The defendant was summoned by rogatory letter on November 23, 2006. Funada immediately contacted Coca-Cola and CCIL attorneys to initiate settlement negotiations.

On November 27, 2006, at the request of both parties, the judge ordered that the suit be kept in abeyance for 15 days while the parties were negotiating the terms of an agreement. However, during the negotiations, Funada filed an interlocutory appeal before the 16th Panel of the Court of Appeals of Rio de Janeiro, seeking to reverse the injunction.\footnote{Interlocutory Appeal No. 2006.002.25616, filed December 1, 2006.}

In late December 2006, the parties finally reached an agreement. The defendant was compelled to:

1. Refrain from manufacturing and commercializing products bearing counterfeit COCA-COLA marks and in bottles with the COCA-COLA contour bottle design, or pay a fine;
2. Create a new design for its REFRI-COLA soda bottle;
3. Remove from its products any marks similar to those of Coca-Cola;
4. Present before the PTO a petition withdrawing its application for the design mark illustrated below;\footnote{Application No. 827.683.596, filed August 1, 2005.}
5. Present before the 38th Brazilian Federal Court a petition withdrawing the writ of mandamus filed by the defendant against the PTO’s president’s act annulling its design registration;\textsuperscript{117} and

6. Pay Coca-Cola R $30,000 (approximately US $15,000) as reimbursement for costs incurred by Coca-Cola in the lawsuit.

The Court approved the agreement reached by the parties.\textsuperscript{118}

\textbf{CANADA}

\textit{I.B.2. Merely Descriptive}

In \textit{Emall.ca Inc. v. Cheap Tickets and Travel Inc.},\textsuperscript{119} Emall sought to cancel the registration of the word and design marks CHEAP TICKETS (registered in 2002 for travel agency; travel information; travel tours and charters; and ticket agency services in the field of transportation, travel, theatre and sports events). Cheap Tickets had overcome the Registrar of Trade-marks’ allegations of descriptiveness by agreeing to disclaim the right to the exclusive use of the word TICKETS. When Cheap Tickets sued Emall for trademark infringement in the British Columbia courts, Emall initiated cancellation proceedings.

The Court’s first impression—like that of the Registrar—was that the CHEAP TICKETS marks were clearly descriptive of travel agency services. In response to Cheap Tickets’ argument that “many things it does do not involve the sale of things normally called tickets,” the Court observed that a trademark does not become other than descriptive by virtue of the fact that it may be somewhat inaccurate. It is sufficient that the mark gives the impression of the nature or function of the goods or services in connection with which it is used. The CHEAP TICKETS marks gave the impression of providing access to travel services at advantageous rates. It was not particularly relevant that Cheap Tickets provided other services, such as responding to inquiries about tourism or booking hotel accommodations or car rentals. Cheap Tickets itself regarded its mark as descriptive of its business considering that its own advertisements used the expression “cheap tickets” to indicate lower-priced airfares. Because the CHEAP TICKETS marks, on first impression,

\textsuperscript{117} Registration No. DI 6100890-7, granted August 7, 2001.


conveyed the notion that Cheap Tickets’ services would frequently or generally make possible more economical travel, the marks were unregistrable pursuant to Section 12(1)(b) of the Trade-marks Act\(^\text{120}\) and were cancelled pursuant to Section 18(1)(a).\(^\text{121}\) The Court refused to permit Cheap Tickets to withdraw the term “cheap tickets” from commercial use in Canada.

The trademarks CANADA DRUGS and CANADADRUGS.COM were both declared clearly descriptive and deceptively misdescriptive of an online drugstore, dispensary and pharmacy in *Candrug Health Solutions Inc. v. Thorkelson*.\(^\text{122}\) As a result, the Federal Court cancelled Thorkelson’s registrations pursuant to Sections 12(1)(b) and 18(1)(a), at the request of a competitor that Thorkelson was suing for trademark infringement and passing off (in separate proceedings).

Since 2001, Thorkelson had operated an online pharmacy by means of a website available at www.canadadrugs.com. The pharmaceuticals supplied to Thorkelson’s customers did not all originate from Canada, and the pharmacies that actually dispensed and shipped the pharmaceuticals were located around the world, with only approximately 50 percent being located in Canada. Approximately 95 percent of Thorkelson’s customers were located in the United States, and less than 5 percent of its customers were Canadian. In 2005, there were 3,500,000 visits to Thorkelson’s website and over $5 million was spent on advertising and promotion. The Canadian trademark register contained other registrations and pending applications for marks composed of CANADA and DRUGS (e.g., CANADA WAY DRUGS, CANADA’S DRUG STORE, and SHOPPERS DRUG MART CANADA’S DRUG STORE). There were also numerous online pharmacies using names and/or trademarks composed of CANADA and DRUGS. Thorkelson had disclaimed the right to the exclusive use of each CANADA, DRUGS and .COM component.

The Court noted that the purpose of the prohibition in Section 12(1)(b) is to prevent any single trader from monopolizing a term

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\(^\text{120}\) R.S.C. 1985 c. T-13. Unless stated otherwise, all references to sections are to the Trade-marks Act.

Section 12(1)(b) provides: “Subject to section 13, a trade-mark is registrable if it is not . . . whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin. . . .”

\(^\text{121}\) Section 18(1)(a) provides: “The registration of a trade-mark is invalid if . . . the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced . . . and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.”

that is clearly descriptive or common to the trade, which places legitimate competitors at an undue disadvantage. The Court considered the importance of the phrase CANADA DRUGS with respect to Internet search engines and search terms, which would be entered by a user to find products online. Considering that much of the Internet is focused on the American market, “Canada” and “drugs” are two generic terms that would be used by the ordinary consumer in this case to locate pharmacies in Canada on the Internet. As the evidence revealed many businesses that would match this description, the Court was of the opinion that permitting this combination of words to be trademarked would result in an undue disadvantage for legitimate competitors. It was also noted that the terms “Canada” and “drugs” had been used by the press in describing pharmaceuticals from Canada. The Court came to the same conclusion in respect of CANADADRUGS.COM. It observed that the top-level domain name “.com” has been so commonly used with Internet-oriented trademarks that it has lost any meaning it once had. Without this, the remainder of CANADADRUGS.COM is merely a conflation of “Canada” and “drugs.”

Furthermore, not only were CANADA DRUGS and CANADADRUGS.COM found to be clearly descriptive, but they were also declared deceptively misdescriptive. Considering that the prescriptions were not always filled by a Canadian pharmacy, the Court concluded that the ordinary consumer would be deceived by the marks. Canadian consumers would trust prescription fulfillment from a Canadian pharmacy more than they would from other countries. The only consistent connection with Canada—besides the mark CANADA DRUGS—was the location of Thorkelson’s office, where orders were processed. The ordinary consumer would think that there was a greater connection to Canada, such as the origin of the drugs or, at a minimum, the dispensing services. Thorkelson did not submit any evidence to establish acquired distinctiveness pursuant to Section 12(2). 123 Considering the bulk of Thorkelson’s advertising targeted a U.S. audience, it is “difficult to imagine that Canadian consumers would have been sufficiently familiar with the marks such that they had acquired distinctiveness in the 2-3 months between the inception of the website (in 2001) and the applications for registration.” In any event, Thorkelson had provided little, if any, evidence to show that the marks had acquired distinctiveness by May 15, 2001.

123. Section 12(2) provides: “A trade-mark that is not registrable by reason of paragraph (1)(a) or (b) is registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration.”
COMMUNITY CREDIT UNION was declared unregistrable pursuant to Section 12(1)(b) in Community Credit Union v. Registrar.\textsuperscript{124} Community Credit Union (CCU) was appealing the Registrar’s refusal\textsuperscript{125} of its application to register COMMUNITY CREDIT UNION for use in association with credit union services in the face of separate oppositions by a competitor credit union and a national association of credit unions. CCU was formerly known as Medicine Hat Savings & Credit Union Ltd. In 1986—because it was operating in other towns in southern Alberta and wished to emphasize its local business base—CCU decided to create a new image that would minimize its connection with the City of Medicine Hat, Alberta. CCU submitted that the Registrar had erred in failing to determine that the mark did not violate Section 12(1)(b), as this would have been instrumental to any determination of non-distinctiveness. The opponents argued that having found CCU’s mark non-distinctive, the Registrar was correct in not considering Section 12(1)(b), but had she done so, the ground would have succeeded.

The Court endorsed the Registrar’s finding that CCU had failed to show use of the applied-for mark since the date claimed, and refused CCU’s application on that reason alone. The Court went on to state that the question of distinctiveness ought to have been considered independently of descriptiveness. A finding of descriptiveness was not instrumental to a finding of non-distinctiveness. Because the two were separate grounds of opposition they need not have been argued together. It was not unreasonable for the Registrar to have concluded that it was unnecessary to invoke Section 12(1)(b). In any event, the Court proceeded to consider the descriptiveness issue, noting that one cannot obtain an exclusive proprietary right in an ordinary word that aptly describes the services of others. The Court opined that registration of COMMUNITY CREDIT UNION would unfairly remove the word COMMUNITY from the vocabulary available to others providing credit union services. The Court also agreed with the Registrar that COMMUNITY CREDIT UNION was inherently non-distinctive, bearing in mind that the phrase was in use by numerous credit unions throughout Canada, and had been a component of over 58 credit union names since 1980. It was the parts of their names other than COMMUNITY CREDIT UNION that enabled consumers to separate one such credit union from another. While CCU’s mark may have acquired distinctiveness in some parts of Alberta, there was no evidence that it had been used or made known across Canada. Moreover, the widespread third-


\textsuperscript{125} [2005] 48 C.P.R. (4th) 226 (Reg.).
party use of COMMUNITY CREDIT UNION clearly pointed to an absence of acquired distinctiveness.

**I.C. Distinctiveness**

The Federal Court refused to declare several HYUNDAI car marks invalid due to improper assignment and licensing in *Cross Canada Auto Body Supply v. Hyundai Auto Canada*. Cross Canada sold automotive parts and accessories, including parts for Hyundai automobiles bearing the HYUNDAI trademark. Hyundai Auto Canada (HAC) was the owner of the following registered marks, which Cross Canada alleged should be cancelled:

<table>
<thead>
<tr>
<th>HYUNDAI</th>
<th>SONATA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(No. 302619)</td>
<td>(No. 356597)</td>
</tr>
<tr>
<td>(No. 315465)</td>
<td>(No. 314286)</td>
</tr>
<tr>
<td>(No. 346818)</td>
<td></td>
</tr>
</tbody>
</table>

HAC’s Federal Court action for trademark infringement was ongoing. The HAC marks were originally owned and registered by Hyundai Motor Company (HMC), based in Seoul, South Korea. HAC was a division of Hyundai Motor America (HMA), a California corporation. HMA was a wholly-owned subsidiary of HMC. HMC did not export automobiles, parts and accessories for sale in Canada to entities other than HAC; HAC imported Hyundai automobiles and parts from Korea and the United States. All new vehicles were sold in Canada in association with the HYUNDAI mark, and in certain cases, also with the SONATA mark. All such vehicles were sold exclusively through HAC’s network of franchised dealers in Canada, which also had service departments that sold parts and accessories bearing HAC’s marks. Vehicles sold at HAC’s dealerships bore markings in the door jambs and engine compartment indicating HMC as the source of the equipment. In 1985, HMC assigned Registration Nos. 302619, 315465, and 314286 to HAC’s predecessor, which in turn assigned the marks to HAC in 1996. These assignments were not registered with the Registrar until 2004. Registration Nos. 356597 and 346818 were assigned by HMC to HAC in 2004.

The Court identified two distinctiveness issues: (1) What was the effect, if any, of the delay between the assignments of Registration Nos. 302619, 315465 and 314286 and their recordal with the Registrar? (2) Did the marks covered by Registration Nos.

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127. See III.E.1. Injunctions for a discussion of Hyundai’s failed attempt to enjoin Cross Canada from selling genuine HYUNDAI-branded auto parts.
356597 and 346818 actually distinguish HAC’s goods from those of others, prior to their assignment?

Cross Canada’s distinctiveness challenge was based on HAC’s failure to record the assignment of Registration Nos. 302619, 315465 and 314286 for almost 20 years, giving no notice to the consuming public as to the change of ownership. Cross Canada pointed out that there was no evidence of written license agreements between HAC and its dealers, or that HAC ensured quality standards relating to the dealers’ use of the marks. These failures to publicly advise of the change of ownership produced public confusion as to the source of the vehicles, which, in turn, supports the alleged non-distinctiveness of the marks. Cross Canada argued further that the message conveyed by the trademarks to the Canadian purchasing public was that the source of the associated goods was HMC, the manufacturer.

HAC countered that a domestic corporation’s use of a mark that was acquired from a foreign manufacturer indicates that the goods in question came from the domestic holder of the mark. Although the goods were not made by HAC, its reputation was nevertheless reliant on the character of the goods it sold. HAC argued that this was the case of a seller’s mark, which distinguished goods and services of HAC and its network of dealers. HAC relied on the opinion of Dr. Heeler, a marketing expert, who conducted a survey and concluded that the purchasing public was not confused as to the source of the products. The public perception was generally that the dealer is responsible for selling and leasing, as well as for addressing consumer issues, and therefore, HAC’s dealers were viewed as the “source.”

The Court preferred the expert testimony of Dr. Heeler to that of Cross Canada’s expert, whose evidence it determined to be lacking objectivity and too limited in scope, thereby deserving “little, if any, weight.”128 Waiting 20 years to record HAC as the owner of the marks was not fatal to the marks’ distinctiveness because HAC and its predecessor had that much time to build up its goodwill, which factually distinguished this case from prior cases, in which an unannounced assignment had resulted in a finding of non-distinctiveness.129 Furthermore, HAC spent more than $220 million on national advertising during 2000–05, in the form of print media, television, Internet and promotional materials available at dealerships, direct mailings and auto shows. In addition, all of HAC’s brochures and “Service Passports” that were provided to purchasers directed the reader to the HAC website, the


copyright of which was expressly stated to be held by HAC. HAC dealers also were the exclusive sources for new Hyundai vehicles and remained responsible for warranties, services and recalls. Moreover, HAC exercised control over its dealers in their use of the marks. There was no evidence of any mention of HMC other than on vehicle door joints and engine compartments, which, the Court noted, were not visible to the public during regular vehicle operation.

In summary, the Court was not persuaded that the “significant” delay in registering the assignment of trademarks had caused confusion with regard to the source among the relevant public likely to purchase the goods in question because HAC was the uninterrupted face to the public. It was HAC that the public held responsible for its products, and it was therefore the proper “source” for the purposes of the present matter. The Court noted that goods branded with the marks were sold through HAC’s network of franchised dealerships bound by licensing agreements, and as a result of HAC’s extensive advertising. As the source of the products associated with the marks had not changed, it followed that any reputation acquired by these products as coming from a particular source had not been called into question by the failure to register the assignment until 2004.

I.D.1. Similarity of Marks

In Canadian Tire v. Accessories d’Autos Nordiques, the Federal Court overturned the Registrar’s refusal of Canadian Tire’s application to register the following trademark based on proposed use in association with tires:

Accessories opposed Canadian Tire’s application based primarily on an allegation of confusion with its trademark NORDIQUES, which was registered and/or used for automobile accessories, including tooling, brakes, wheels, and wheel covers. The Registrar noted that neither mark possessed a high degree of inherent distinctiveness, as both could be considered highly suggestive of use in winter conditions. Before the Registrar, Canadian Tire had submitted evidence from a trademark research analysis to show the prevalent use of NORDIC and NORDIQUES in the automobile parts and accessories business. The Registrar

rejected this evidence based on a lack of information on the affiant’s expertise and on the reliability of the databases used. The Registrar pointed to lack of evidence on the use of Accessories’ mark in association with automotive parts and accessories, while acknowledging that evidence had been submitted to support its use in association with tooling.

On appeal, Canadian Tire submitted more affidavits both in support of the initial evidence and to provide evidence of additional searches conducted. After the Registrar’s decision, Canadian Tire also commissioned a survey to back its assertion of a likely association between the word NORDIQUES and the defunct National Hockey League team based in Québec City, namely a top-of-mind visual association with NORDIQUES among owners or lessees of automobiles who lived or shopped in Québec City and who were purchasers of automobile parts or tools. Eighty percent of those surveyed, as a matter of first impression, thought of the former hockey team when presented with the word NORDIQUES. Only four percent thought first of a store that sells auto parts.

In the Court’s view, Canadian Tire’s survey evidence would have materially affected the Registrar’s findings. While the Court concluded that Canadian Tire’s evidence was too weak to show that NORDIC and NORDIQUES were in common use by businesses that sell automotive parts and accessories, it did support the Registrar’s conclusion that such appellations were often associated with winter, and as such, were not inherently distinctive.

The Court found the majority of the Registrar’s findings to be reasonable; however, it disagreed with the Registrar’s findings on the resemblance between the trademarks—the most important criterion, in the Registrar’s opinion. Given the new evidence submitted, the Court reviewed this finding on a standard of correctness. The Court agreed that: (1) the trademarks were not inherently distinctive; (2) Canadian Tire’s mark had been used in Canada for the past seven years and so as to have become “fairly well known”; (3) both marks looked very different and were associated with different ideas; and (4) there had been no reported instances of actual confusion. Weighing all of these elements against the similarity in the pronunciation of the marks in French, and the similarity in the nature of the trades, the Court found that registration of the proposed mark was unlikely to create confusion.

In Budget Blind Service Ltd v. Budget Blinds Inc.,¹³¹ the Federal Court refused to cancel Budget Blinds Inc.’s (BBI’s) registrations for the BUDGET BLINDS word and design marks (both for use in association with distributorship and retail stores

services in the field of window coverings) because there was no likelihood of confusion with Budget Blind Service’s (BBS) trademarks BUDGET BLIND SERVICES and BUDGET BLIND CLEANING (both for use in association with the servicing and cleaning of window coverings). The Court concluded that BBI had failed to establish any significant use of: (1) BUDGET BLINDS alone in association with any goods or services; or (2) any trademarks in association with window coverings. Rather, BBS only ever used the marks BUDGET BLIND SERVICES and BUDGET BLIND CLEANING, and then only in association with services (i.e., repair and cleaning of window coverings).

In the Court’s view, BUDGET BLIND SERVICES and BUDGET BLIND CLEANING were weak names that had low inherent distinctiveness, considering that “budget” was a dictionary word and “blind cleaning” and “blind services” were descriptive. This determination was significant because small differences are capable of distinguishing marks that have little or no inherent distinctiveness. BUDGET BLINDS was found to differ from BUDGET BLIND SERVICES and BUDGET BLIND CLEANING in two significant respects: (1) BLINDS was written in the plural; and (2) SERVICES and CLEANING were absent from them. Moreover, sales of blinds per se were an “insignificant part” of BBS’s business. In contrast, the business of BBI’s franchisees was primarily the retail sale and installation of window coverings; cleaning was an insignificant part of their business. BBI’s franchisees traveled to customers’ homes to display, sell, measure and install window coverings. Prospective purchasers would have time to consider what service was needed and ensure that BBI was in a position to provide that service. Purchasers wanting to buy window coverings would have no reason to contact BBS because they did not hold themselves out as window coverings retailers.

In summary, the Court found that: (1) the words “cleaning” and “services” in BBS’s names were sufficient to distinguish them from BBI’s marks; (2) the parties were in different businesses albeit dealing with the same products—BBS cleaned and repaired blinds, and BBI sold and installed them; and (3) BBI’s franchisees carried on business in a manner that virtually eliminated any possibility of confusion. In addition, BBI’s mark was found to be distinctive in May, 2006 (the date the cancellation proceedings were initiated), bearing in mind: (1) BBI’s advertising at FranchiseSolutions.com, which resulted in four enquiries from potential franchisees since 2000; (2) expenditures of over $1 million to advertise to franchisees and consumers via BBI’s website, which would have presumably been accessed by Canadians; (3) BBI was spending several millions of dollars annually on television and print advertising; and (4) BBI’s consumer ads in magazines with significant Canadian circulation.
In *Rationpharm v. Laboratories Riva*, linguistic experts assisted the Federal Court in concluding that Ratiopharm’s CALMYLIN mark and Riva’s DAMYLIN mark (both for cough remedies containing codeine) were not confusingly similar. The main issue facing the Court in the trademark infringement action commenced by Ratiopharm was likelihood of confusion, which the Court assessed from the perspective of doctors, pharmacists and end users, bearing in mind that the parties’ goods were sold “behind-the-counter.” In reviewing the factors set out in Section 6(5), the Court determined that Section 6(5)(a) and (b) favored Ratiopharm in that its registered (since 1984) CALMYLIN mark—though not well known—had acquired some distinctiveness as a result of its use since the early 1980s (compared with DAMYLIN’s use since 2002).

As the parties’ goods and channels of trade were identical, the Court concentrated its analysis on Section 6(5)(e). Because the suffix “YLIN” was common in the pharmaceutical industry, the Court focussed on the “roots” CALM and DAM. CALM was found to enjoy reduced inherent distinctiveness, considering that it means freedom from turmoil or agitation. In relation to a cough remedy, DAM was found to have no significant meaning. In addition, the Court preferred the evidence provided by Riva’s expert (who testified as to the differences in sound and appearance between the distinctive consonants “C” and “D,” and the presence of “L” in CALM) over the testimony of Ratiopharm’s expert (who deduced that DAMYLIN was chosen to imitate

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133. Quebec provincial regulations stipulated that the parties’ products must be kept in a location inaccessible to the public. Though the products could be distributed without a prescription, they could only be sold by a pharmacist after opening a file for the patient and, amongst other things, making a pharmaceutical study of the file and communicating the appropriate information concerning the correct use of the medication. In addition, each product had its own Drug Identification Number printed on the label. Both products could also be prescribed by a doctor.

134. Section 6(5) provides:

> In determining whether trade-marks . . . are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
> 
> (a) the inherent distinctiveness of the trade-marks . . . and the extent to which they have become known;
> 
> (b) the length of time the trade-marks . . . have been in use;
> 
> (c) the nature of the wares, services or business;
> 
> (d) the nature of the trade; and
> 
> (e) the degree of resemblance between the trade-marks . . . in appearance or sound or in the ideas suggested by them.
CALMYLIN and to bring confusion to the marketplace, given the similar sounds of CALM and DAM). The Court favored Riva’s expert, who approached the issue from the perspective of the doctor/pharmacist/end user, as opposed to Ratiopharm’s expert, who adopted the manufacturer’s viewpoint. Given the involvement of doctors and pharmacists—professionals who would not be in such a hurry as to put the health of the consumer at risk—the Court ruled that there was no likelihood of confusion between the two marks.

I.D.2. Similarity of Goods or Services

In Provigo Distribution v. Max Mara Fashion,135 the Federal Court overturned the Registrar’s decision136 and concluded that the mere fact that the parties’ goods and services overlapped was not sufficient to establish a likelihood of confusion. The Registrar had concluded that there was a likelihood of confusion between the opponent Max Mara’s mark MAX & CO. (registered for various items of women’s clothing, jewellery, eyewear and leather goods, household linens) and the applicant Provigo’s mark MAXI & CIE (for retail department stores and food supermarkets, opticians’ and optometrists’ services). The Registrar also had determined that the marks were sufficiently similar, given that they were both shortened versions of MAXIMUM and COMPANY/COMPAGNIE. Unable to draw a conclusion as to the nature of Max Mara’s business due to a “complete absence of evidence,” the Registrar nevertheless identified an overlap between the services offered by Provigo’s retail department stores and the type of goods covered by Max Mara’s mark (i.e., cosmetics, deodorants, eau de cologne and clothing). In addition, the Registrar noted that nothing in the description of services prevented Provigo from offering such goods.

In its decision, the Federal Court acknowledged that the Registrar was entitled to examine the statement of goods or services in the parties’ application/registration to determine whether there was an overlap or even a possibility thereof. Moreover, an overlap could be found between goods and services, especially when one party’s goods could be sold in the retail stores of the other party. However, the mere fact that the parties’ goods and services overlapped was insufficient, in and of itself, to establish a likelihood of confusion. The Court noted that Max Mara offered high-end women’s fashions for wealthy customers, whereas Provigo’s stores targeted families looking for low prices and consumers more interested in good deals than exclusive products.

136. [2004] 42 C.P.R. (4th) 244 (Reg.).
This difference in the nature of the products translated into the design, layout and appearance of the stores. Photographs of the parties’ stores vividly illustrated that they had nothing to do one with another. Two-thirds of the floor surface of Provigo’s stores was devoted to grocery products and the rest to mass consumption products. The absence of fitting rooms in Provigo’s stores indicated that the clothes sold there were not of a high value. In light of these “quite significant” differences between the nature of the goods, services and businesses of the parties, the Court concluded that it was highly unlikely that an average consumer, having a vague or imperfect recollection of Max Mara’s mark, would be led to believe that the goods and services associated with Provigo’s mark were provided by Max Mara. How could a person disposed to purchase the sophisticated and pricey goods of Max Mara be: (1) misled by the use of the mark MAXI & CIE on a warehouse type of store; or (2) induced to think such goods could be mixed with low-end, inexpensive mass consumption goods such as kitchenware, books, compact discs and cosmetics? “To ask the question is to answer it,” said the Court.

A similar approach was taken by Justice Noël of the Federal Court in *Maison Cousin (1980) Inc. v. Cousins Submarines Inc.*[^137^] The Federal Court of Appeal subsequently overturned Justice Noël’s endorsement of the Registrar’s finding of a likelihood of confusion between Cousin’s Submarines’ trademark COUSINS (for sandwiches, beverages and restaurant services) and Maison Cousin’s trademark MAISON COUSIN (for bread, pastry and other baked goods). The Registrar determined that there was a likelihood of confusion with the MAISON COUSIN mark, but only in regard to sandwiches. Maison Cousin appealed, arguing that Cousins Submarines’ mark was confusing with respect to the proposed use of COUSINS for beverages and restaurant services as well.

According to Justice Noël, with the exception of submarine sandwiches, the types of products offered by the parties were “essentially very different.” Justice Noël relied upon *Tradition Fine Foods Ltd. v. Oshawa Group Ltd.*,[^138^] where a clear distinction was made between the types of food products sold by the parties, even though the products sold by one were included in the products sold by the other. Not only were the goods—with the exception of submarine sandwiches—completely different, but they were also sold in different types of establishments. Maison Cousin’s products were sold in convenience stores and grocery


stores, while Cousins Submarines’ products were sold in restaurants. Because the nature of the trade and the points of sale were not of the same types, the risk of confusion was reduced. Having considered all of the factors—including the fact that Cousins Submarines’ mark was composed of only a single word as compared to the two words in MAISON COUSIN—Justice Noël saw no cause to review the Registrar’s conclusion. Even though certain factors favored Maison Cousin, the first impression test and the factors analyzed as a whole were more favorable to Cousins Submarines.

In overturning this decision, the Federal Court of Appeal\textsuperscript{139} concluded that Justice Noël should have considered the Registrar’s decision \textit{de novo}—as opposed to applying a reasonableness \textit{simpliciter} standard—considering the fresh evidence Maison Cousin had tendered before him. Justice Noël had unduly restricted his discretion to intervene because—having noted the significance and probative value of the new evidence—he was no longer called on to review the Registrar’s decision, but rather consider the matter afresh based on the evidence before him as well as the applicable legal principles. Justice Noël could have—and should have—intervened without having to identify any error committed by the Registrar and was not obliged to defer to the Registrar’s decision.

The Court of Appeal also concluded that Justice Noël was mistaken on the issue of likelihood of confusion, particularly in terms of the resemblance between the parties’ goods/services and channels of trade. The Court of Appeal noted that Justice Noël did not explain the reasoning by which he came to the conclusion that the products in question—especially the breads, desserts, cold cuts and sandwiches, on one hand, and submarine sandwiches and drinks, on the other hand—were so distinct from each other as to rule out any possibility of confusion. These were all food products which were very similar and commonly found in the same vicinity. Even if there had been a distinction between these products, it would not have been sufficient to eliminate any possibility of confusion. Subsection 6(2)\textsuperscript{140} provides for the possibility of confusion even if the parties’ products are not of the same general class. The Court of Appeal viewed the products in question as insufficiently distinct from each other so as to eliminate any

\begin{itemize}
  \item \textsuperscript{140} Section 6(2) provides:
    \begin{quote}
      The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.
    \end{quote}
\end{itemize}
possibility of confusion. Even if they were distinct, however, that alone would not mean that there was no confusion.

Justice Noël also was wrong to compare the two establishments’ present way of operating. Because its application did not in any way restrict its scope of operations with respect to the distribution of its products, Cousins Submarines was entitled to change its distribution networks and sell its products in the convenience stores or other establishments that dealt in Maison Cousin’s products. Justice Noël had to consider not only what Cousins Submarines was doing, but also what it could do if the application matured to registration.

Justice Noël was incorrect as well when he concluded that COUSINS was distinctive of Cousins Submarines. The mark was a common surname that had not been used by Cousins Submarines, so it could not have acquired distinctiveness. In contrast, MAISON COUSIN had been in use since 1921; given its acquired distinctiveness, it was entitled to a certain degree of protection, which weighed against registration of the COUSINS mark.

I.F. Famous and Well-Known Marks

The Federal Court of Appeal, in Remo Imports Ltd. v. Jaguar Canada Ltd., affirmed the trial judge’s (Justice Shore’s) findings that the JAGUAR trademark was famous, and that the junior user and luggage company, Remo, had infringed and passed off the same mark in association with luggage and other types of bags. At issue was the legality of Remo’s 1980 adoption and 1981 registration of the JAGUAR trademark for luggage, bags, and backpacks in the face of Jaguar Cars’ extensive use of the same mark in Canada for cars (since the 1930s) and personal accessories, including suitcases and vehicle wallets (since the 1950s) and leather key fobs (since the 1960s). Jaguar Cars’ line of accessories was expanded in the early 1980s.

At trial, Justice Shore found as a fact that each party was unaware of the other until the early 1990s, when Remo commenced an action for infringement and passing off, and cancellation of Jaguar Cars’ 1987 registrations for “Luggage Wares.” Jaguar Cars filed a counterclaim for depreciation of goodwill under Section 22(1), trademark infringement, passing off,

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The contributor would like to thank his colleague J. Douglas Wilson, Esq., who served as lead counsel for Jaguar Cars, for his assistance in preparing the case summaries relating to the Jaguar Cars decision.

and cancellation of Remo’s 1981 registration for Luggage Wares. In his ruling, Justice Shore: (1) dismissed Remo’s claim for trademark infringement and passing off; (2) declared valid Jaguar Cars’ Luggage Lares registrations, including the following goods objected to by the appellant: driving license cases, wallet cases, business card holders, belts, credit card holders, key cases, address books, note books, passport holders, beauty cases, document cases and pocket wallets; (3) allowed Jaguar Cars’ counterclaim for trademark infringement, passing off and depreciation of goodwill; (4) ordered the cancellation of Remo’s registration; (5) issued an injunction restraining and permanently enjoining Remo from using the JAGUAR mark; and (6) dismissed Jaguar Cars’ claim for damages. When Remo appealed findings (1)–(5) inclusive, Jaguar Cars’ cross-appealed finding (6). Three days before the hearing of the appeal, Remo abandoned its claims of infringement/passing off against Jaguar Cars as well as its demand for cancellation of Jaguar Cars’ registrations.

The Federal Court of Appeal was critical of Remo’s lengthy 49-page Notice of Appeal, describing it as reflecting “everything but the complete, concise, and precise grounds of appeal” and “in fact a veiled, deficient memorandum of fact and law.” At the appeal hearing, Remo alleged certain errors of law that were not addressed in the written argument or the Notice of Appeal, “or were barely alluded to or cast in such broad terms in the written material that one would be hard pressed to recognize the development made of these errors at the hearing.” As a result, the appeal “took a different turn” and the Court of Appeal expressed “concern that it had become an appeal by ambush.” As a general rule, the Court of Appeal will not hear grounds of appeal that were not raised in the Notice of Appeal or the Memorandum of Fact and Law. Remo’s “main ground of appeal” was Justice Shore’s finding that Jaguar Cars’ JAGUAR mark had become famous for automobiles and Luggage Wares by 1980, and remained famous when the action was commenced. Upon a sampling review of the extensive record—6,000 exhibits, hundreds of binders, dozens of samples—the Court of Appeal was satisfied that there was ample and cogent evidence in the agreed statements of fact and the voluminous evidence adduced by Jaguar Cars to support Justice Shore’s conclusion. The Court of Appeal saw no overriding and palpable error in respect of this issue that would justify or require an intervention on its part.

The Court of Appeal identified several instances of Justice Shore’s “unfortunate use of loose language,” particularly in regards to the burden of proof on Remo to dispel the likelihood of confusion and references to the “possibility of” and “potential for” confusion. Justice Shore’s use of “possibility” and “potential” indicated a misconception or misapprehension of the test for confusion.
However, there was evidence of a likelihood of confusion, if not actual confusion: (1) Remo’s definition of “la maroquinerie” included the four items mentioned in its registration (i.e., tote bags, handbags, school bags and luggage); (2) Jaguar Cars’ list of Luggage Wares included those four items; and (3) Remo’s admission at trial of a likelihood of confusion between goods in slightly different categories. Given Remo’s admission, it was “hard to imagine how and why [Justice Shore] could not have concluded there would be at least a likelihood of confusion between goods of the same category,” namely Remo’s baggage, tote bags, school bags and handbags and Jaguar Cars’ luggage, baggage and bags. Justice Shore was entitled to draw that conclusion after having declared that Jaguar Cars’ mark was famous and that it extended to the impugned goods. Furthermore, it was Remo who launched an action for infringement and sought an injunction against Jaguar Cars, alleging their goods were either confusing, causing confusion or likely to cause confusion with its own goods. After having lost at trial, Remo contended at the appeal that there was no confusion between its goods—consisting of baggage, tote bags, handbags and school bags—and all the Luggage Wares of Jaguar Cars. Remo’s contention came after it had abandoned its claim of infringement by Jaguar Cars. Remo had significantly changed its argument from what it claimed before Justice Shore. At first instance, it initiated an infringement action with the intention of preventing Jaguar Cars from trading in “la maroquinerie” under the name JAGUAR. Later on, Remo sought to have the parties’ uses of the marks coexist with respect to baggage, tote bags, handbags and school bags. The basis for this position was that—as the parties operated in different markets—there was no confusion between their goods. However, the fact that the parties operated in different markets was not sufficient to overrule Justice Shore’s finding of confusion. Nothing in either party’s registration confined that party to operation in a particular market, and the likelihood of confusion therefore remained.

II.A. Requirements for Acceptable Filings

In Coastal Culture Inc. v. Wood Wheeler Inc.,143 the Federal Court reversed the Registrar144 and refused the applicant Wheeler’s application for DIRT SHIRT for T-shirts dyed with mud from Prince Edward Island, based on use in Canada since 1997. The Court concluded that use of the trademark depicted below did

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144. [2006] 50 C.P.R. (4th) 220 (Reg.).
not constitute use of DIRT SHIRT, thereby rendering Wheeler’s application in violation of Section 30(b).  

Because the opponent Coastal did not specifically raise Section 30(b) in its Statement of Opposition, namely that Wheeler had not used the trademark DIRT SHIRT as of the date of first use alleged in its application, the Registrar had refused to consider non-use as a basis for opposition. Furthermore, in the Court’s view, the Registrar erred in considering the sufficiency of the pleadings in isolation; Wheeler became aware of Coastal’s position with respect to Section 30(b) as it was fleshed out in Coastal’s evidence and submissions.

Moreover, Wheeler filed an affidavit that addressed the issue of non-use. The Court rejected Wheeler’s submissions that the DIRT SHIRT mark was the dominant feature on the T-shirts depicted above—in spite of the addition of the words P.E.I. and THE ORIGINAL—and that this minor deviation did not constitute non-use of the mark DIRT SHIRT. The Court stated the applicable test as follows: whether the addition of the words P.E.I. and THE ORIGINAL was so minor as not to mislead a purchaser. The Court noted that Wheeler added the words THE ORIGINAL to distinguish its goods from those of other vendors. While accepting that this may have been a minor deviation from the alleged mark,

145. Section 30(b) provides:

An applicant for the registration of a trade-mark shall file with the Registrar an application containing . . . in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application. . . .
the Court concluded that P.E.I. had always been an essential element of Wheeler’s mark. Accordingly, use of the mark DIRT SHIRT since 1997 had not been established and Coastal’s opposition was maintained. Consequently, the Registrar was directed to refuse Wheeler’s application for the registration of its mark DIRT SHIRT.

II.D.5. Official Name

In Canada Post Corp. v. United States Postal Service, the Federal Court of Appeal affirmed the Federal Court’s finding that foreign entities, such as the United States Postal Service, are not entitled to acquire official marks pursuant to Section 9(1)(n)(iii). To be a “public authority” within the meaning of Section 9(l)(n)(iii), an entity must be subject to government control and must engage in activities that benefit the public. In the Court of Appeal’s view, to fulfil the intention of Parliament, the government exercising the control must be a Canadian government.

The scope of protection afforded official marks was further limited in See You In - Canadian Athletes Fund Corp. v. Canadian Olympic Committee. Since 1997, See You In (SYI), had raised over $2 million to support Canadian athletes in international competitions. In 2003, it filed applications to register the marks SEE YOU IN TORINO, SEE YOU IN BEIJING and SEE YOU IN VANCOUVER (the SEE YOU IN marks) in association with charitable fundraising services and a wide variety of merchandise. Despite the fact that these applications were pending, the Registrar decided that the Canadian Olympic Committee (COC) was a “public authority” under Section 9(1)(n)(iii) of the Trademarks Act and that it would publish several official marks in COC’s name using the same SEE YOU IN marks covered by SYI's

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148. Section 9(1)(n)(iii) provides:

No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for . . . any badge, crest, emblem or mark . . . adopted and used by any public authority, in Canada as an official mark for wares or services in respect of which the Registrar has, at the request of Her Majesty or of the university or public authority, as the case may be, given public notice of its adoption and use. . . .

149. In recent years, the Federal Court has entertained a number of judicial review applications for “cancellation” of official marks: see, for example, cases summarized at 97 TMR 375 (2007) and 96 TMR 314 (2006).

applications, filed over 10 months before COC’s request for public notice. In support of its request, COC filed with the Registrar substantive evidence that it was a “public authority,” but as to “adoption and use,” it filed nothing more than a letter from its counsel stating that the respective mark “has been adopted and used as an official mark by the Canadian Olympic Committee for goods and services in Canada.” SYI sought judicial review of the Registrar’s decision to publish the notice of the official marks, the effect of which would have been to: (1) preclude registration of the previously adopted and used marks of SYI; (2) to the extent SYI had used the marks as of COC’s publication date, SYI could continue to do so, but only in association with the same goods and services; and (3) preclude SYI from expanding its use to other goods and services.

SYI filed evidence that addressed: (1) the procedural unfairness of the process by which the Registrar gave only the most cursory consideration to COC’s adoption and use, and no consideration to the use by third parties; (2) the Registrar’s jurisdiction to make a decision to publish an official mark absent real evidence of adoption and use; and (3) the dearth of evidence demonstrating COC’s actual adoption and use of the SEE YOU IN marks at issue.

In COC’s evidence, it asserted that: (1) starting in January 2004, COC employees and consultants used the SEE YOU IN marks verbally in correspondence, emails and memoranda by COC personnel for strategic and business planning discussions; and (2) the marks were used on promotional items such as pens and flashlight gifts, first ordered pursuant to an invoice dated August 31, 2004. However, COC refused to: (1) produce any other invoices for other promotional items; (2) produce any correspondence, emails or memoranda; (3) indicate on what goods or services the marks had been used; or (4) indicate the number of promotional items actually used outside COC (“COC’s Refusals”).

The Federal Court ruled SYI’s evidence admissible, considering that: (1) the effect of the Registrar’s decision to give public notice was to curtail SYI’s ability to use the marks it had used to date; (2) SYI had an interest (if not a right) in the Registrar’s decision, and a legitimate right to challenge it; and (3) it would be unfair to prevent SYI from putting forward evidence that challenges the conclusions of the Registrar, particularly as it had had no prior ability to do so. The Court noted that the Trade-marks Act did not justify the Registrar’s “anomalous” practice of requiring extensive evidence as to public authority status while making no inquiry as to counsel’s unsworn statement that the mark had been adopted and used.

Regarding COC’s Refusals, the Court noted that because SYI had adduced evidence that the official marks were not adopted or
used, the burden then shifted to COC to prove that the marks were adopted and used by the date of the public notice. The timing of COC’s order for the pens and flashlights, on which the official marks were used—just two days before the request for publication was made to the Registrar—was “sufficient to highlight the importance of the questions behind COC’s Refusals. Had it been necessary to draw a negative inference from COC’s Refusals, the Court would have done so. However, the Court dealt with the issue in terms of COC’s failure to meet its burden of proof considering the dearth of any evidence of adoption and use, save for the unsupported assertion of COC’s witness.

In overturning the Registrar’s decision to grant COC’s official marks, the Court noted that there insufficient evidence to conclude that COC had adopted and used the marks. It also recognized that the Registrar had four applications from SYI that used the words SEE YOU IN, two of which were identical to the official marks sought (i.e., SEE YOU IN BEIJING, SEE YOU IN TORINO, and SEE YOU IN VANCOUVER). The Court commented, “At the very least, this should have led the Registrar on a chain of inquiry on this issue. Therefore, the Registrar’s decision to publish notice was neither correct nor reasonable.” The Court noted that an element of public display was a common feature of both “use” and “adoption,” which had not been established by COC. If internal discussion and memoranda preceding a request for publication constituted adoption and use, the phrase would be meaningless because even internal correspondence on whether to request publication would theoretically suffice. Moreover, COC failed to establish even internal use except for the pen and flashlight ordered, for which there was no evidence of use. On this basis, it was unreasonable for the Registrar to conclude there was adoption and use. However, the Court rejected SYI’s attack based on the licensor-licensee relationship between COC and the International Olympic Committee, a foreign body.151 The Court found no basis for concluding that COC did not exist for the public benefit, even if it were “arguable that certain of its actions were not beneficial to the public, such as attempting to take away [SII’s] trademark rights.”

II.E. Examination and Opposition

In Wing Wah Food Manufactory Products Inc. v. China Brands Food Products Inc.,152 the Federal Court of Appeal affirmed the

151. In Canada Post Corp. v. United States Postal Service (summarized above), the Federal Court of Appeal declared that only Canadian entities are entitled to protection under Section 9(1)(n)(iii).

Registrar’s broad discretion to determine that an assignment had occurred in the absence of a written contract. After Wing Wah opposed China Brands’ 1998 application to register the trademark PEONY BRAND for use on food color solutions since 1979, China Brands amended its application to state that such use had been by it or by the partnership that was its predecessor in title. China Brands was incorporated in 1986 to carry on the business of the predecessor when the retirement of one of the predecessor’s partners caused it to dissolve. China Brands produced no evidence of a transfer to it of the PEONY BRAND application by the predecessor. The Registrar nevertheless rejected Wing Wah’s opposition, finding that a transfer of the predecessor’s business (including the PEONY BRAND application) had taken place. The Federal Court rejected Wing Wah’s appeal, noting that Section 48(1)\textsuperscript{153} did not require that a transfer be in writing. In addition, because Section 56(5)\textsuperscript{154} allowed, but did not oblige, a party to adduce additional evidence on appeal, the Court refused to draw an adverse inference from China Brands’ failure to file supplemental evidence showing the acquisition of the PEONY BRAND application from its predecessor. On further appeal, Wing Wah failed to persuade the Federal Court of Appeal that the Federal Court’s conclusions were unreasonable based on the evidence presented.

It was established in \textit{Lending Tree, LLC v. Lending Tree Corp.},\textsuperscript{155} that the Trade-marks Opposition Board has jurisdiction, and is the appropriate body to consider whether there had been a valid amendment by the Registrar changing the name of the applicant for a trademark. When the applicant Lending Tree Corp. (Corp.) learned that its application had been opposed by the opponent Lending Tree, LLC (LLC), Corp. realized that its application had been filed in the name of a company that had not yet been incorporated. Upon recognizing the error, an officer of Corp. applied to amend the application by replacing the corporate name with his own name. LLC was given notice of the amendment. The Registrar permitted the amendment and also informed LLC

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\item Section 48(1) provides:
A trade-mark, whether registered or unregistered, is transferable, and deemed always to have been transferable, either in connection with or separately from the goodwill of the business and in respect of either all or some of the wares or services in association with which it has been used.
\item Section 56(5) provides:
On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.
\end{enumerate}
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that if it considered that an amendment to its statement of opposition was required, it could request leave to do so.

Consequently, LLC launched an application for judicial review of the decision of the Registrar to allow the amendment. The Federal Court held\textsuperscript{156} that the issue of the propriety of the amendment of the application was a matter that could and should be raised and considered in opposition proceedings. LLC then appealed the decision, but the Court of Appeal saw no reason to disagree because the issue of whether the applicant for a trademark had used the mark at the time of the application was one that must be considered by the Board. LLC had already argued in its statement of opposition that Corp. was not and could not have been using the name “Lending Tree Corp.” because it did not exist at the date of alleged use. In order for the Board to consider such ground of opposition, it must necessarily determine whether the application was validly amended. Accordingly, the Board had jurisdiction.

\section*{II.H.2. Registrations}

The Federal Court refused to amend the description of goods in a valid registration pursuant to Section 57\textsuperscript{157} in \textit{Omega Engineering v. Omega SA}.\textsuperscript{158} Omega Engineering—which owned registrations (issued in 2006) for use of trademarks composed of OMEGA and the equivalent Greek letter in association with scientific and industrial clocks and timers, amongst other measuring instruments used in science and industry—asked the Federal Court to delete “appareils techniques et scientifiques pour l’électricité, l’optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie”\textsuperscript{159} (the “General Classification”) from the description of goods in Omega SA’s registration for the trademark OMEGA & Design. The full description of goods in Omega SA’s registration read:

\begin{quote}
(1) montres et boîtes pour montres; (2) chaînes de montres, outils et accessoires ainsi que toutes fournitures et parties détachées employées dans l’horlogerie et la bijouterie y soient
\end{quote}

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\textsuperscript{157} Section 57(1) provides:

The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.
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\textsuperscript{159} Loosely translated as: “technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio, telephony.”
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inclus; (3) étuis et emballages, nommément: contenants sous forme de housses et tissus et botes; compteurs et chronographes qui servent au chronométrage sportif; et appareils techniques et scientifiques pour l’électricité, l’optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie, nommément: la [sic] cellules photo-électriques, portails à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contacts électriques.\textsuperscript{160}

In separate proceedings initiated by Omega Engineering, the Federal Court of Appeal had declared\textsuperscript{161} that the Registrar lacked the jurisdiction to delete the General Classification in Section 45\textsuperscript{162} (summary non-use cancellation) proceedings regarding Omega SA’s registration. The Court of Appeal had opined that only under Section 57 could the validity of the Register be questioned and a registration struck out or amended when it did not accurately express or define the existing rights of the owner of the mark. In light of the Federal Court of Appeal’s ruling, Omega Engineering attempted a different approach to invalidate Omega SA’s marks and instituted these proceedings under Section 57. Omega Engineering was not alleging that Omega SA’s registration was invalid as a whole. Rather, it submitted that the General Classification was not descriptive of the goods that followed, namely “la cellules photo-électriques, portails à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contacts électriques.”\textsuperscript{163}

Omega SA offered two arguments in support of its application: (1) a 1994 worldwide coexistence agreement between the parties forbade Omega SA from selling products that fell under the description of goods as it currently existed;\textsuperscript{164} and (2) while Omega

\textsuperscript{160} Loosely translated as:
(1) watches and boxes for watches; (2) watch chains, tools and accessories including supplies and detached parts used in the clock industry and jewellery; (3) cases and packing, namely, containers in the form of covers and tissues and club-footed; meters and stop watches used for sporting timing; and technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio, telephony, and telegraphy, namely, photocells, gates with contact, recording meters on paper tape, starter guns with electrical contacts.


\textsuperscript{162} For the full text of Section 45, see II.I. Post-Registration Evidence of Use and Renewals.

\textsuperscript{163} Loosely translated as “photocells, gates with contact, recording meters on paper tape, starter guns with electrical contacts.”

\textsuperscript{164} Pursuant to the coexistence agreement, Omega SA undertook “not to use, register or apply to register any trademark consisting of or containing the world OMEGA or the Greek letter [omega], or any element colourably resembling either of those two elements, in respect of . . . apparatus industrially and/or scientifically employed for measuring or
SA had demonstrated use of its OMEGA mark in association with the specific goods listed in its registration, there was no evidence that those goods could be described as “technical or scientific apparatus for use in the fields of electricity, optics, telegraphy, cinema, radio and telephony.”

Regarding Omega SA’s first argument, the Court opined that the products listed in the coexistence agreement were not similar to the goods described in the registration. While the agreement prohibited the use of the products for scientific purposes, it did so in the context of measuring or controlling variable parameters, such as temperature, pressure, force, load, vibration, electrical conductivity, liquid level, acidity, humidity, strain and flow, which were not encompassed by the General Classification. Regarding the second argument, there was “no question” that Omega SA’s equipment was “appareils techniques et scientifiques.” There was also evidence that it was “pour l’électricité” and also “pour l’optique.” The Court accepted Omega SA’s argument that Section 57 could not be used to modify a valid registration. The remedy suggested by Omega Engineering—deletion of the General Classification from Omega SA’s registration—was not allowed by Section 57, though it could have been properly raised as a ground of opposition.

To succeed in these proceedings, it would have been necessary to establish that Omega SA had abandoned its mark. Omega Engineering argued that Omega SA had abandoned the General Classification while conceding that Omega SA’s mark was in use in association with “cellules photo-électriques, portraits à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contact électriques.” Because there was use on the specific goods under the General Classification, the Court concluded that Omega Engineering had failed to meet its burden to show the mark had been abandoned solely in respect of the General Classification.

II.I. Post-Registration Evidence of Use and Renewals

The Registrar’s decision to maintain a registration based in part on use of the mark on a distributor’s invoice was overturned in Smart & Biggar v. Fares Jarawan. Applicant Smart & Biggar had commenced Section 45 summary non-use cancellation
proceedings in respect of respondent Fares Jarawan’s registration for the trademark AL-RIFAI ROASTERY (MAHMASAT) for use in association with coffee and roasted or otherwise processed nuts. Fares Jarawan’s evidence of use included photographs of boxes (depicted below) and invoices—showing the AL-RIFAI ROASTERY (MAHMASAT) mark at the top—from a distributor evidencing the sale of coffee to various retailers during the relevant period.

The Registrar acknowledged that: (1) it was not clear that the display of a mark at the top of an invoice qualified as use in accordance with Section 4(1);167 (2) Fares Jarawan could have been more specific as to what the packaging looked like in the relevant time period; (3) the label depicted above did not show the mark exactly as registered, in that the words ROASTERY and MAHMASAT appeared below the word AL-RIFAI in smaller print and the words ROASTERY and MAHMASAT were separated by the word BRULERIE. Nevertheless, the Registrar believed that the key components of the respondent’s registered mark—the three words AL-RIFAI, ROASTERY and MAHMASAT—had been retained, though the French equivalent of “roastery”—BRULERIE—had been added. The differences were said to be “not so significant as to warrant expungement.” While the Registrar

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167. Section 4(1) provides:

A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.
was not prepared to find that the invoices showed use of the mark in accordance with Section 4(1), they did corroborate respondent Fares Jarawan’s statement that relevant sales had occurred during the material three-year time period. Smart & Biggar appealed the Registrar’s decision not to cancel Fares Jarawan’s registration.

Without commenting on the Registrar’s findings regarding the differences between Fares Jarawan’s mark as registered and as used, the Court failed to see how the Registrar could reasonably have reached her finding regarding use during the relevant period on the basis of Fares Jarawan’s “vague and imprecise” evidence, which failed to reveal: (1) when the photos of labelled boxes were taken (i.e., within the three-year period or more recently); (2) where the photographs were taken (i.e., in Canada or elsewhere); and (3) what the boxes contained (i.e., coffee or nuts or something else). The Registrar herself had rejected the invoices as evidence of use, but she had accepted them as corroborative evidence that sales of the goods took place during the relevant time. While they might have corroborated sales, they in no way established that the goods sold bore Fares Jarawan’s mark. The invoices only established that one of Fares Jarawan’s distributors sold coffee during the relevant period and that the distributor displayed the mark on its invoices. As such, they were of no help to Fares Jarawan. It escaped the Court how a fair reading of Fares Jarawan’s evidence shed any light on the main requirements of establishing use pursuant to Section 4(1). Accordingly, the appeal was granted and the mark was ordered cancelled.

The primary issue in Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince168 was whether use of the wine label (shown below at right) constituted use of the mark as registered (shown below at left).

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Following a request made by the Montreal IP firm Brouillette Kosie Prince that the Registrar issue a Section 45(1) notice requiring that the Italian wine manufacturer show use of its registered trademark CUVÉE IMPÉRALE BRUTE Guido Berlucchi submitted only an invoice purporting to evidence the sale of 300 bottles of its wine to its exclusive agent for the province of Ontario, together with a statement that the registered mark was affixed to such bottles. Noting that it would have been a simple matter for Guido Berlucchi to have produced a copy of the label on the bottles, the Registrar deemed the evidence of use “ambiguous” and ordered Guido Berlucchi’s registration cancelled.

On appeal to the Federal Court, Guido Berlucchi filed additional evidence, including a copy of the label depicted above at right. On the appeal, Brouillette Kosie—the initiator of the non-use proceedings—raised a new issue: whether Guido Berlucchi had established use of the mark as registered “in the normal course of trade.”

In light of the fresh evidence, the Court considered de novo the primary issue: whether the differences between the mark as registered and actually used were so unimportant that an unaware purchaser would be likely to infer that both identified goods having the same origin. In other words, had Guido Berlucchi maintained identity and recognizability by preserving the dominant features of the registered mark so as to avoid misleading the unaware purchaser? The following differences between the labels—either on their own or taken together—were determined not to contravene this rule: (1) the representations of the wall and arches appearing above the word CUVÉE differed; (2) designs resembling leaves and/or flowers were added to mark as used; (3) the text inside the oval differed; (4) in the mark as used, MÉTHODE CHAMPENOISE was replaced with METODO TRADIZIONALE CLASSICO; (5) the prominence afforded CUVÉE, IMPÉRALE and BERLUCCHI differed; and (6) the outline or border of the oval differed.

As there was no new evidence on the issue of whether Guido Berlucchi’s sale to its Ontario agent was in the normal course of trade, the Court applied a standard of review of reasonableness.

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169. Section 45(1) provides:

(1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.
On this issue, the Federal Court opined that the Registrar’s conclusion—that there was clearly a sale in Canada during the relevant period—could only be understood to mean that the Registrar accepted this as a genuine commercial transaction that was not deliberately manufactured or contrived to support Guido Berlucchi’s registration. After a probing examination of the evidence before the Registrar, the Court concluded that she had reached a reasonable conclusion.

In *Tint King of California v. Registrar*, the Federal Court showed considerable leniency towards the widow of a recently-deceased trademark owner, and considered the circumstances under which the appearance of a trademark on an invoice constituted use of the mark for goods and services. The owner of the mark was required to show use of the mark TINT KING in association with window tints and window tinting services. The owner had died approximately six months prior to the initiation of the Section 45 expungement proceedings. The owner’s widow was unaware of the proceedings, and failed to open the Registrar’s correspondence advising that the registration would be cancelled for failure to submit evidence of use. Upon becoming aware of the proceedings, the owner’s widow applied to the Federal Court for reinstatement of the registration. The owner’s widow initially filed before the Court evidence of use in the form of: (1) a single, current invoice bearing the TINT KING mark; (2) a 1984 advertisement; and (3) 2001–2003 telephone directory listings for the name. The widow received an adjournment of the appeal to file supplemental evidence, after the Court deemed the initial evidence “somewhat slim,” considering that the business had 11 branch offices in Canada.

The Court agreed that the owner’s widow was entitled to submit evidence on appeal that was not before the Registrar. The widow’s lack of response to the Registrar’s previous correspondence was excusable; that she did not open her mail during the period of bereavement did not bar her from appealing the Registrar’s cancellation decision. Moreover, although the widow was not a director or shareholder of the trademark owner, as the executor of her husband’s will she was entitled to submit evidence in support of the appeal. An extension of time to do so was granted.

170. In the Court’s view, the Federal Court of Appeal’s decision in *Maison Cousin (1980) Inc. v. Cousins Submarines Inc.* (see I.D.2. Similarity of Goods or Services, supra) did not overturn the decision in *Footlocker Group Canada Inc. v. Steinberg* (2005), 38 C.P.R. (4th) 508 (F.C.A.), which stands for the proposition that a *de novo* standard should be applied only where significant fresh new evidence has been filed on appeal.

Regarding the widow’s request to file supplemental evidence at the hearing, the Court noted three factors favoring the widow’s request: (1) the widow’s “sympathetic circumstances” merited some leniency; (2) the Court required more evidence to effectively evaluate whether the mark had been in use; and (3) the submission of additional evidence could not prejudice the other side, considering it had not participated in the appeal. The circumstances of the case suggested that there was no practical logic for rigidly requiring that the evidence must not have been previously available to the widow.

The Court nevertheless concluded that the widow had failed to establish use of the TINT KING mark in respect of window tints. It stated that the use of a mark on an invoice may or may not be considered use in association with goods described in the invoice. The major consideration was whether the mark was used as a mark in describing the goods contained in the invoice and, as such, whether appropriate notice of such use was given to the transferee of the goods. If a mark appeared at the top of the invoice, with no use in the body of the invoice, the use would not generally be in association with the invoiced goods. The central consideration was whether the goods themselves were identified with the mark, or whether the mark seemed to be associated on the invoice with the distributor, in which case it would be more likely proof of use in relation to services. Because the TINT KING mark appeared at the top of invoices submitted by the widow—directly above the address of the proprietor—they were best considered evidence of use with respect to auto tinting services, but not auto tinting goods. The Court adopted recent decisions of the Registrar to the effect that telephone directories are conclusive evidence of use, at least in the context of Section 45 proceedings.

In Smart & Biggar v. AG Canada, the Federal Court concluded that the Registrar had erred in finding that a three-year period of non-use (preceded by an additional 10 years of non-use) due to a deliberate decision of the registrant could be excused for the purposes of Section 45(3) by reason of the registrant’s intention to use the mark in the near future. In Section 45 proceedings initiated by IP law firm Smart & Biggar against Scott


173. Section 45(3) reads:

Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trade-mark, either with respect to all of the wares or services specified in the registration or with respect to any of those wares or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly.
Paper’s (“Scott’s”) registration for VANITY (for paper and paper products), Scott filed an affidavit that provided no explanation as to why the mark had not been in use. It stated that some six months before the Section 45 notice was issued (on April 29, 2002), Scott started developing plans for the manufacture and sale of paper products in association with the VANITY mark. The affidavit attached a copy of Scott’s “2002 Marketing Plan” that expressed a stated plan to “re-launch VANITY brand in the second quarter of 2002.” This required preparation for the manufacture of the intended products. The first sales of this product occurred in June 2002. Scott stated it did not intend to abandon the mark prior to or subsequent to the date of the Section 45 notice. The Registrar had concluded there had been no use of the mark in 13 years, and that the non-use was due to a deliberate and voluntary decision. The Registrar nevertheless concluded that because Scott had, some six months prior to the notice, commenced to make serious plans to launch a new product with the mark—a plan that was implemented by the sale of such product some two months after issue of the notice—this clearly showed that the mark was “not dead.” Consequently, the Registrar concluded that Scott had provided evidence that qualified as special circumstances excusing the non-use.

On appeal, the Federal Court found it “difficult to understand” how a bona fide intention to use a trademark—even though formed prior to issuance of a notice under Section 45—could excuse the absence of use for three years, considering that those three years were preceded by another 10 years of non-use. The Court asked, “Would one ‘excuse’ a truant schoolboy for an absence of a month because, when confronted, he demonstrated that although he had no explanation for his past absences he genuinely intended to go to school the next week?” The Court therefore set aside the decision of the Registrar and ordered that the trademark be cancelled.

Fresh evidence filed on appeal convinced the Federal Court that the trademark owner had a serious intention to resume use of its mark in Fairweather v. Bereskin & Parr. In Section 45 proceedings initiated by Bereskin against Fairweather’s registration for TARGET APPAREL (for men’s clothing, namely suits, pants, jackets and coats) the Registrar had determined that: (1) Fairweather had not established a serious intention to commence using the TARGET APPAREL mark in Canada in association with the registered goods; and (2) there were no special circumstances excusing the non-use. Six months prior to the issuance of the Section 45 notice, Fairweather had acquired the

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mark—as well as 70 women’s clothing stores—from a bankrupt company in receivership.

Before the Registrar, Fairweather tendered evidence that: (1) the acquisition resulted in Fairweather’s being extremely busy as it attempted to manage and revitalize the stores and assets, which resulted in a delay in the re-launch of TARGET APPAREL merchandise; (2) because Fairweather stores did not sell men’s clothing, it was anticipated that TARGET APPAREL merchandise would be licensed to, and sold through, a related menswear company; (3) it was anticipated that TARGET APPAREL brand merchandise (namely suits, pants, jackets and coats) would be relaunched in Canada in the fall of 2002, or early in 2003; and (4) Fairweather was in the process of developing labelling and sourcing products to be sold in connection with what Fairweather described as “this valuable brand.”

The Registrar concluded that this evidence: (1) clearly failed to show any use of the TARGET APPAREL mark in Canada in association with the registered goods during the relevant period; (2) did not demonstrate that any steps had been taken by Fairweather with respect to the mark in the six months between its acquisition of the mark and the issuance of the Section 45 notice; (3) consisted of bare statements that Fairweather was in the process of developing labelling and sourcing products but provided no details regarding the labelling and sourcing processes, nor information as to where Fairweather was in the process; (4) failed to substantiate Fairweather’s claim that it intended to re-launch the TARGET APPAREL mark in Canada in the fall of 2002 or early in 2003; and (5) failed to explain what steps had been taken by Fairweather to sell merchandise through a related company.

The Court was satisfied that the new evidence provided by Fairweather on appeal was of probative significance such that it would have affected the Registrar’s decision. The new evidence: (1) demonstrated that concrete steps had indeed been taken with respect to the development of graphics for hang tags and labelling for TARGET APPAREL mark menswear in the pre-notice period; (2) provided details of work done by International Clothiers—a sister company of Fairweather, whose president was also the president of International Clothiers—to source product as early as February 2003 in accordance with an implied licence from Fairweather; (3) described sales of TARGET APPAREL branded menswear through International Clothiers; and (4) was of sufficient probative significance that the Registrar’s decision should be reviewed against the standard of correctness (de novo).

The Court noted that the preparatory work was actually carried out by employees of International Clothiers, as opposed to Fairweather. However, the two companies were closely related,
and shared common premises, management and many employees. The lines between the activities of the two entities “were not sharply delineated.” The Court was satisfied that: (1) efforts by employees of International Clothiers to develop artwork for TARGET APPAREL branded apparel were made at the behest of Fairweather; and (2) the new evidence before the Court established an ongoing intention on the part of Fairweather to use the TARGET APPAREL mark during the period prior to the issuance of the Section 45 notice. The Court pointed out there was no requirement that a licence agreement be in writing. An inference could reasonably be drawn that International Clothiers’ use of the mark was made under an arrangement with Fairweather that was tantamount to an oral licence, and that the mark remained under the effective control of Fairweather.

III.A. Infringement

An infringement action against the officer/director of a corporate defendant was summarily dismissed in Petrillo v. Allmax Nutrition. Franco Petrillo—owner of a registration for the use of ISO-FLEX in association with dietary supplements—had commenced a trademark infringement action against Allmax and its sole shareholder and director Michael Kichuk. Petrillo alleged that Kichuk: (1) individually and acting as an officer of Allmax, had deliberately, wilfully and knowingly pursued a course of conduct that had caused Allmax to adopt the trademark ISOFLEX in conjunction with dietary supplements; (2) demonstrated an indifference to the risk of such infringement; and (3) incorporated a new company (HBS) for the purpose of distributing and selling ISOFLEX-branded goods in confusingly similar packaging in order to unfairly trade on Petrillo’s goodwill and to shield himself personally from liability. At issue in Kichuk’s summary judgment motion was whether a genuine issue for trial existed with respect to Kichuk’s personal liability for the alleged infringement of the ISO-FLEX trademark by Allmax and HBS.

The Court set out a number of general principles regarding the personal liability of an officer and director for trademark infringement: (1) incorporated businesses have a legal personality separate and distinct from those of their directors and officers, who will ordinarily enjoy the benefits of limited liability that incorporation provides; (2) for personal liability to attach, there must be conduct on the part of those directing minds that either is tortious in itself or exhibits a separate identity or interest from that of the corporation, such as to make the questionable conduct that of the directing minds; (3) each case must be examined to

assess the degree and kind of personal involvement by the director or officer; (4) these principles apply not just to large corporations, but also to small, closely held companies; (5) the particular direction or authorization required for personal liability will not be inferred from the general direction that those in such control must necessarily impart to the company’s affairs; and (6) it is not enough to assert personal liability on the part of an officer/director in a statement of claim in the hope that evidence to support the allegation will be uncovered during the discovery process.

The Court noted that there was no evidence before the Court to support Petrillo’s contention that Kichuk incorporated HBS for the purpose of distributing and selling goods branded with the ISOFLEX mark, or that he did so in an effort to shield himself from personal liability. Indeed, HBS was in the nutritional and dietary supplement distribution business long before Allmax and its ISOFLEX product even existed. There was also no admissible evidence: (1) with respect to the packaging employed by any of the parties; (2) supporting Petrillo’s allegation that Kichuk chose confusingly similar packaging for Allmax’s ISOFLEX product; or (3) supporting the allegation that Kichuk chose the ISOFLEX mark in an attempt to trade on Petrillo’s goodwill. The unchallenged evidence was that Kichuk had no knowledge of the existence of Petrillo, his products or the ISO-FLEX mark at the time that he chose the ISOFLEX name. There was also “simply no evidence” to support the assertion that Kichuk “deliberately, wilfully and knowingly pursued a course of conduct that caused” Allmax to adopt the identical trademark to that owned by” Petrillo. Kichuk’s uncontroverted evidence was that: (1) when he chose the ISOFLEX mark, he had no knowledge of Petrillo’s mark; and (2) prior to proceeding with the ISOFLEX name, he used reasonable diligence by conducting a trademark search, which did not disclose the existence of Petrillo’s mark. The fact that Kichuk received actual notice of Petrillo’s mark prior to commencement of the lawsuit did not provide an evidentiary basis for a finding of personal liability. Accordingly, the Court concluded there was no genuine issue for trial insofar as Kichuk’s personal liability was concerned, and the action against him was dismissed.

III.A.1. Dilution

In Remo Imports Ltd. v. Jaguar Canada Ltd., the Federal Court of Appeal overturned the trial judge’s (Justice Shore’s) finding that the junior user’s (Remo) use of JAGUAR in association with luggage, backpacks, etc. violated Section

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22. Justice Shore had found that Remo’s use of JAGUAR in association with Luggage Wares was likely to depreciate the value of the goodwill attached to Jaguar Cars’ JAGUAR mark for automobiles. Noting that in Veuve Clicquot v. Boutiques Cliquot the Supreme Court of Canada “laid a stringent test” in relation to depreciation of goodwill, the Court of Appeal opined that depreciation could not be presumed; it had to be proven and mere possibility of depreciation was not sufficient. Evidence of at least a likelihood of depreciation was required. While Justice Shore had performed a theoretical review of the law relating to depreciation, his analysis of the evidence was said to have been “too broad and unspecific.” In brief, Jaguar Cars, as of 1980, sold expensive and luxurious cars and, during the same period, Remo sold inexpensive bags. There was not enough evidence on the record to establish a likelihood of depreciation of the JAGUAR car mark. Justice Shore had not drawn any attention to evidence that could lead to such a holding, and the Court of Appeal refused to conclude so on the mere basis of the unequal quality or price of the parties’ goods.

III.A.2. Passing Off

In BMW Canada Inc. v. Nissan Canada Inc., BMW ultimately failed to enforce its M series of marks in an action for passing off, trademark infringement, and depreciation of goodwill. BMW objected to Nissan’s campaign featuring advertisements such as “the M is coming” and a giant “M” and small Nissan logo, which BMW argued would create the impression in the minds of car aficionados and purchasers of luxury cars that there was some connection between Nissan’s luxury cars and BMW’s M sub-brand, thereby deteriorating the cachet of the M sub-brand.

After refusing BMW’s application for an interlocutory injunction (temporary restraining order)—due to the absence of irreparable harm resulting from Nissan’s campaign—Justice MacKay of the Federal Court upheld BMW’s passing-off action at trial, finding that Nissan’s use of the marks M and M6 caused a likelihood of confusion between the sources of its goods and those of BMW, thereby violating BMW’s proprietary rights in the

177. Section 22(1) provides: “No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.”


trademarks M, M3, M5, M6, and M & Design. Upon Nissan’s appeal to the Federal Court of Appeal, Justice MacKay’s finding of passing off was reversed.

As to whether BMW had valid and enforceable rights in the unregistered M and M6 marks, the Court of Appeal noted the absence of evidence that M and M6 were marked on BMW’s goods themselves or on the packages in which they were distributed. Therefore, the only remaining question was whether, at the time of the transfer of the property in or possession of the goods, the M and M6 marks were so associated with BMW’s goods that notice of the association was given to the person to whom the property or possession was transferred. Justice MacKay found that: (1) BMW cars were not marked with any stand-alone M mark; and (2) BMW used the M mark only in limited BMW M car advertising, in magazines, on television, in brochures, promotional banners, occasional books, tickets and other items, generally with a companion trademark of BMW. However, the Court of Appeal opined that Justice MacKay erred in assuming that such limited use of the M mark amounted to “use” under Section 4(1) without providing any analysis on the issue. In the Court of Appeal’s view, there was no probative evidence on the record demonstrating an association at the time of transfer of the property in or possession of BMW’s goods. The evidence indicated that the letter M was used in many BMW marks together with numbers, letters or words, which was not equivalent to use of M alone as a trademark. For the use of a mark in advertisements and promotional material to be sufficiently associated with a product to constitute use under Section 4(1) the materials must have been given at the time of transfer of the property or possession of the goods, which was not the case here. Moreover, the Court was of the opinion that Justice MacKay erred in law in assuming that there would be actual or potential damages, a necessary element to establish liability in an action for passing off. Rather, there was no evidence before Justice MacKay at trial that demonstrated damages, and consequently, there was no finding of damages. It was not open to him to presume damages.

Even though the junior user Remo did not appeal directly against the trial judge’s (Justice Shore’s) finding in Remo Imports Ltd. v. Jaguar Canada Ltd. that Remo had passed off its


182. For full text of Section 4(1), see II.I. Post-Registration Evidence of Use and Renewals.

JAGUAR-branded luggage, backpacks, etc., as associated with Jaguar Cars, the Court of Appeal was “at a loss to understand” how and why Justice Shore could have come to such a conclusion. The reason for the confusion was that: (1) Remo validly registered its trademark in 1981 for tote bags and luggage and amended it in 1984 for handbags and school bags; and (2) both parties were unaware of the existence of each other prior to 1991. The Court was dubious that Remo engaged in a willful or negligent misrepresentation to create confusion in the public—a necessary element of the passing-off action—when it did not know of the existence of the JAGUAR mark for cars, applied publicly and without opposition for a registration of, and subsequent amendments to, its own mark, and operated in channels of trade different from those of Jaguar Canada Ltd.

### III.E.1. Injunction

In *Hyundai Auto Canada v. Cross Canada Auto Body Supply*, an interlocutory injunction (temporary restraining order) was refused due to the absence of irreparable harm. Hyundai Auto Canada (HAC)—a division of Hyundai Motor America—imported HYUNDAI-branded automobiles and parts from Korea and the United States, and sold the same through a network of franchise automobile dealers in Canada, as it had done since 1984. HAC owned the registered trademark HYUNDAI. Cross Canada sold genuine parts for HYUNDAI automobiles in packaging bearing the HYUNDAI trademark. Cross Canada acquired such parts from a single Canadian supplier, which it refused to name. Nearly three years had passed since HAC initially voiced its objection to Cross Canada’s activities and the commencement of this application. The parties agreed that HAC had raised a serious issue to be tried in the main infringement action. Accordingly, the matter came down to a determination of whether HAC had established that it would suffer irreparable harm if Cross Canada were not enjoined until trial.

The Court was not satisfied that HAC had demonstrated that it would suffer irreparable harm that could not be compensated in damages. HAC’s only evidence of potential harm was “essentially speculative.” HAC stated that Cross Canada’s use of the HYUNDAI mark would damage HAC’s goodwill associated with that mark. By way of giving substance to this “conventional” statement, HAC asserted that parts distributed by Cross Canada did not have warranty protection, but Cross Canada produced evidence to the contrary. HAC also stated that parts bearing the

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HYUNDAI mark sold by Cross Canada might not conform to Canadian automobile safety standards. HAC admitted that it had samples of such parts since 2003, yet there was “not a bit of evidence” that any of the parts that HAC had inspected were defective or unsafe. On the other hand, Cross Canada asserted that the parts were made by the same company that supplied HAC. It was therefore pure speculation that the parts being sold by Cross Canada were inferior and would damage the goodwill attributed to the HYUNDAI mark. Moreover, HAC produced no evidence of confusion on the part of any customer of Cross Canada. The Court rejected HAC’s argument that in a case of blatant infringement of a registered trademark, the Court can grant an injunction without proof of irreparable harm. Three cases in which such an argument had prevailed were distinguished on their facts.185

III.E.2. Damages

The Federal Court of Appeal overturned the trial judge’s (Justice Shore’s) refusal to order damages or an accounting of profits in Remo Imports Ltd. v. Jaguar Canada Ltd.186 Prior to trial, the Federal Court had ordered that the questions of inter alia, the damages flowing from any infringement of a party’s right and the profits arising from any infringement of a party’s right be the subject of a reference after trial if such questions needed to be decided. In his judgment, Justice Shore stated that the junior user Remo “shall not pay to [Jaguar Cars] any exemplary, punitive or other monetary damages because until now, no monetary damages have been proven. The respective clienteles and markets of the respective parties have been separate until now; however, that may not be the situation for the future.” The Court of Appeal commented that this statement was “not easy to reconcile” with Justice Shore’s rulings that: (1) damage should be presumed when goodwill has been interfered with by the passing off of goods; (2) Remo infringed Jaguar Cars’ JAGUAR mark and passed off its goods; and (3) there had been a likelihood of depreciation since 1980. Justice Shore left the impression that he did not want to award damages for the past, but preferred to leave the door open for the future. The Court of Appeal thought that Justice Shore came to the right result, but for reasons that confused the issue of damages.


186. For a discussion of the facts and liability issues, see I.F. Famous and Well-Known Marks. Other aspects of the Federal Court of Appeal’s decision are discussed under III.A.1. Dilution, and III.F. Loss of Trademark Rights.
Ultimately, the Court of Appeal declared that Remo was entitled to the benefit of Section 19187 and that the use of a registered trademark was an absolute defence to an action in passing off where there was no significant difference between the mark as registered and the mark as used. In deciding that Jaguar Cars was entitled to damages only as of the date of Justice Shore’s 2006 judgment—when Remo’s registration was declared invalid—the Court of Appeal relied upon the following excerpt from Veuve Clicquot v. Boutiques Clicquot: “Were the [senior user] to succeed in obtaining expungement, no doubt the [junior user] could argue that they ought not to be liable to pay compensation attributable to the period during which their own registrations were in effect.”188

III.F. Loss of Trademark Rights

The Federal Court of Appeal affirmed the trial judge’s (Justice Shore’s) cancellation of the junior user’s registration (issued in 1981 based on use since 1980) in Remo Imports Ltd. v. Jaguar Canada Ltd.189 Justice Shore had declared the junior user Remo’s 25-year-old JAGUAR registration for luggage invalid on all four bases argued by Jaguar Cars at trial, including the rationale that Remo’s initial adoption of the mark (1) was likely to depreciate the goodwill in the famous car mark, and deceive the public, and (2) was likely to cause confusion with the car mark. Justice Shore had concluded that because Remo’s use of the trademark JAGUAR had been always wrongful, it could not benefit from any distinctiveness resulting from its sales that took place for more than 10 years prior to the action and from more recent massive advertising campaigns.

The Court of Appeal endorsed Justice Shore’s cancellation based on confusion (i.e., non-registrability in 1981 and non-distinctiveness in 1990–91); however, the Court of Appeal determined that Justice Shore improperly added to Section 18190

187. Section 19 provides: “. . . the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.”


189. For a discussion of the facts and liability issues, see I.F. Famous and Well-Known Marks. Other aspects of the Federal Court of Appeal’s decision are discussed under III.A.1. Dilution, and III.E.2. Damages.

190. Section 18(1) provides:
The registration of a trade-mark is invalid if
(a) the trade-mark was not registrable at the date of registration,
(b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or
(c) the trade-mark has been abandoned,
two grounds of invalidity—depreciation (dilution) and deception of the public—not recognized as such by Parliament. The Court of Appeal acknowledged that non-statutory grounds of invalidity had been recognized by the courts, such as misappropriation of a mark in violation of a fiduciary duty and fraudulent or material misrepresentations for the purposes of registration. However, depreciation of the value of the goodwill and deception of the public in the context of the tort of passing off one’s goods as those of another were not grounds of invalidity. For two reasons, Justice Shore was wrong to rely on *Williamson Candy v. W.J. Crothers* in support of his decision to cancel Remo’s registration because the mark was likely to deceive the public: (1) in that case, the owner of the impinged registration was not an innocent user, while Justice Shore—“though expressing some surprise”—had found that Remo’s owner never saw or heard of Jaguar Cars’ mark before he filed Remo’s application; and (2) the *Williamson Candy* court relied on legislation that empowered the Registrar to refuse to register any trademark if it appeared that the mark was “calculated to deceive or mislead the public,” which provision was removed from the Act in 1953.

Justice Shore was also wrong to conclude that Remo’s mark was void *ab initio*. The Court of Appeal pointed out that Remo had a valid registration until found invalid and cancelled by Justice Shore in 2006. There were no misrepresentations made by Remo at the time of registration. There was no finding by Justice Shore that Remo was acting in bad faith at that time. Accordingly, Remo’s registration was not invalid until 2006.

### III.F.1. Non-Use

The Federal Court refused to cancel the HD & HYUNDAI Design and HMC Design marks for abandonment in the face of minimal use of the marks in *Cross Canada Auto Body Supply v. Hyundai Auto Canada*. Hyundai Auto Canada (HAC) was selling bumper covers, fan belts, and bumper energy absorbers bearing the HMC Design mark. The HD & HYUNDAI Design mark was being used on bin boxes in which HAC stored parts at its warehouse. HAC argued that it had not made a deliberate decision to abandon these marks, and had regularly renewed the

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192. Registration No. 315465.

193. Registration No. 346818.

registrations. The Court concluded that maintaining the registrations and renewals was evidence of an intention not to abandon the marks, and that their use met the low threshold of demonstrating the “smallest use.” As a result, HD & HYUNDAI Design and HMC Design were maintained. The absence of use of the HD Design mark over a long period of time led to a finding of abandonment with respect to the HD Design mark only.

CHILE

I.B.1. Generic

Alimentos Nutrabien S.A. filed a trademark application for NUTRABIEN & Label, covering biscuits, bread, pastry, and confectionery in Class 30.

Three oppositions were filed against the applicant’s mark, one alleging that the mark was generic and two based on confusing similarity of the mark to the opponents’ respective registered trademarks.

The first opponent, Jorge Danilo Garcia Miranda, argued that the applied-for mark was generic, as it was a combination of the terms NUTRA (“nutrition”), which is considered generic in Class 30 because it refers to food products, and BIEN (“good”), which indicates merely a quality of the product. Therefore, Miranda asserted, the trademark in question lacked novelty or uniqueness.

The second opponent, Alimentos S.I. Ltda filed opposition on the ground that the applicant’s mark was extremely similar to its trademark NUTRA FOOD, registered in Chile for all goods in Classes 5 and 30. Similarly, the third opponent, Jose Luis Rodriguez Casanueva, filed opposition based on the extreme similarity of the applied-for mark to his registered trademark NUTRIBEN, for goods in Classes 29 and 30.

With respect to the allegations of confusing similarity, the Head of the Department of Industrial Property ruled in favor of the applicant, finding that though the trademarks in conflict shared certain common elements, such as NUTR, the additional elements that comprised the applied-for mark gave it sufficient distinctiveness to differentiate it from the others and thus eliminate all possible confusion.

However, the most important argument by the Head of the Department was in his ruling on the first opposition, which was based on genericness. He held that although the trademark at issue was composed of two non-distinctive terms, NUTRA and BIEN, this was the typical exception in which Article 19 of the

195. Registration No. 314286.
Industrial Property Law, which allows the registration of marks with acquired distinctiveness, must be applied.\textsuperscript{196}

The Head of the Department determined that in view of the evidence filed, Alimentos Nutrabien S.A. had proven without a doubt that its mark had acquired distinctiveness through use in the national market, as required by the law, much earlier than the filing date of the trademark application.

Further, the Head of the Department found that as a consequence the trademark NUTRABIEN also had acquired secondary meaning, through which consumers come to identify a certain trademark with a specific origin or particular source—in this case, with the business of the applicant.

In view of the above, the Department of Industrial Property ruled in favor of the applicant and rejected all three oppositions, allowing the trademark NUTRABIEN & Label to proceed to registration.\textsuperscript{197}

\textbf{I.D.1. Similarity of Marks}

Laboratorios Dimasa S.A. filed a trademark application for CORAL LOVE LOVE, to cover all goods in Class 3.

L’Oreal, owner of the trademarks AMOUR AMOUR and AMOR AMOR, registered in Chile for goods in the same class, lodged an opposition against the application. The opposition was based on the following grounds:

1. Registration of the applied-for mark would be contrary to the principles of fair competition. L’Oreal alleged that the applicant had been imitating its product, packaging, and trademark in such circumstances that consumers might be misled as to the source of the goods.

2. The marks in conflict were identical, as the applicant’s mark was merely the translation of the word AMOUR or AMOR into English.

In support of its opposition, L’Oreal cited a series of decisions rendered by the Head of the Department of Industrial Property, in which trademarks that were merely literal translations of other registered trademarks had been rejected.

The Head of the Department of Industrial Property rejected the opposition and ruled in favor of the applicant. From an examination of the marks in confrontation it was possible to

\textsuperscript{196} Industrial Property Law No. 19.039 of January 24, 1991, as amended. Article 19 provides: “When signs are not intrinsically distinctive, registrability may be granted provided they have acquired distinctiveness through use in the national market.”

\textsuperscript{197} Alimentos Nutrabien S.A. v. Jorge Danilo Garcia Miranda, Alimentos S.I. Ltda & Jose Luis Rodriguez Casanueva, Decision No. 137897 (Department of Industrial Property, August 28, 2007).
distinguish both phonetic and graphic differences. Even though the marks did share certain letters, their respective components were sufficiently distinctive to give them their own identity and character. Consequently, one could conclude that the applied-for mark would not be misleading or induce consumers to confusion, and therefore coexistence of the marks at issue was possible.198

On appeal before the Industrial Property Court, L’Oreal reiterated the arguments expressed at first instance. In addition, it included in its evidence a decision rendered by the Auto-regulatory and Publicity Ethics Committee (CONAR), a private organization whose members (advertising agents) agree to follow the code of ethics set forth and approved by the committee. Even though it was binding only between the parties concerned, the decision was submitted in support of the argument of unfair competition, given that CONAR found that the publicity and advertising of the mark at issue in that case (LOVE LOVE) were unethical and did infringe L’Oreal’s rights.

Nonetheless, the Industrial Property Court confirmed the first instance ruling, rejecting the opposition lodged by L’Oreal and granting registration for the trademark CORAL LOVE LOVE.199

### III.H.6. Appellate Procedure

In December 2005, a series of amendments were made to the Industrial Property Law. One of the amendments made was that final decisions of the court of second instance could be subject to appeal before the Supreme Court.

Previously, Montes S.A. had filed an opposition against the trademark application for MONTE PERDIDO SAUVIGNON BLANC filed by Esteban José Puertas, based on the applied-for mark’s similarity to its series of registered MONTES trademarks, and had lost at both the first200 and the second instance courts. In light of the amendments, Montes S.A. decided to file a cassation recourse against the ruling of the Industrial Property Court (the second instance court) on the ground that when deciding the matter the Court did not apply, and therefore contravened, Articles 6bis and 10bis of the Paris Convention and Article 16 of the TRIPS Agreement, which refer to the protection that a well-known trademark should be afforded, and Article 19, clause 25, paragraph 3 of the Constitution of the Republic of Chile, which guarantees the protection of industrial property rights.201 The

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198. Laboratorios Dimasa S.A. v. L’Oreal, Decision No. 135074 (Department of Industrial Property, October 28, 2005).


The Supreme Court rejected the cassation recourse filed by Montes S.A. Noting that a recourse for annulment of a lower court’s decision is granted to a party that believes that the lower court has not applied or has contravened a law, the Supreme Court held that in this particular case the Industrial Property Court was not applying the law that referred to the protection that a well-known mark should be given. However, the determination of whether a trademark is well known is a matter not of law but of proof, and such evaluation is made by the judges reviewing the appeal. Consequently, the Supreme Court considered that it could not review the evaluation of evidence made by the lower court, nor go into a determination of whether the appellant’s trademark was well known, as that matter had not been at issue in the appeal. Though the appellant claimed that its trademarks were well known and that that fact was proven during the proceedings, the Supreme Court held that this was not the case: the only evidence filed was that of previous rulings declaring that the appellant’s trademark was well known, and such rulings were not confirmed or even mentioned in the decision of the second instance court. Therefore, it was impossible for the Supreme Court to issue a decision on a fact that was not a matter in conflict, or to determine whether the lower court applied a law referring to the protection to be afforded a well-known trademark.

Notwithstanding the above, and referring to the ruling issued by the lower court, the Supreme Court went on to add that Article 17, paragraph 2 of the Industrial Property Law provides that the decision rendered must be in accordance with the provisions of Article 170 of the Civil Procedure Code. These provisions refer to the requirements with which all decisions rendered by a court must comply. The Supreme Court held that this was not the case here. The decision issued by the lower court did not comply with these requirements, because the reasoning as to why such a decision was reached was lacking; that fact made it very difficult for any of the parties to appeal the second instance ruling, as there was no clear understanding why such a decision was issued or what evidence was appraised.

Nevertheless, the Supreme Court determined that it did not have the faculty to annul the lower court’s ruling based on its contravention of procedural law, because it was the Court’s understanding that industrial property proceedings were considered special proceedings and therefore did not necessarily
have to be in strict compliance with Article 170 of the Civil Procedure Code.

In its decision rejecting the recourse, the Supreme Court added a recommendation to both the first and the second instance tribunals, namely that, in accordance with Article 17 of the Industrial Property Law, their decisions must be motivated and comply with the provisions of Article 170 of the Civil Procedure Code.

Significantly, two of the five ministers were of the opinion that the Supreme Court should have annulled the lower court’s decision because it did not comply with Article 170 of the Civil Procedure Code. All decisions necessarily must include a complete explanation of the court’s reasoning and how the court reached its decision, a simple principle of due process guaranteed by Article 19, clause 3 of the Constitution of the Republic of Chile, in order to avoid all arbitrary actions. In addition, the dissenting minority of the Supreme Court held that the language of Article 17 of the Industrial Property Law is very clear, direct, and precise in providing that all decisions rendered must be motivated and comply with Article 170 of the Civil Procedure Code. This, the dissenting ministers argued, was not the case with the decision rendered by the second instance court, because in fact that court had provided no reasoning at all; therefore, its decision should have been annulled.

**CHINA, PEOPLE'S REPUBLIC**

**I.B. Descriptiveness**

In August 2006, the Trademark Review and Adjudication Board (TRAB) issued a decision granting registration of the trademark ICE POINT, for beer. This ruling, which was a victory for the trademark owner, Chongqing Biyang Enterprise Development Co., brought to an end an 11-year dispute between that firm and Anheuser-Busch Companies, Inc., the largest beer manufacturer in the United States.203

Late in 1995, Anheuser-Busch had filed opposition against Chongqing Biyang’s trademark application for ICE POINT, filed in November of that year. The Chinese Trademark Office allowed the mark to proceed to registration. In May 1999, Anheuser-Busch appealed against the Trademark Office’s decision.

Before the TRAB, Chongqing Biyang argued that ICE POINT was a pure English mark. The collocation of ICE and POINT was not a common usage in the English language. The expression

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meant the point at which level ice appears. It was not a direct description of any feature of the beer product, although beer could be iced. Moreover, the Chinese equivalent of ICE POINT, which was Chongqing Biyang’s most important trademark, had been used on beverages in Class 32 and had become a well-known mark in the region. It had also been acknowledged as a well-known mark in Chongqing.

The TRAB agreed that ICE POINT was not a fixed and commonly used expression in the English language. To describe a point at which water or liquid freezes, the normal expression to use would be freezing point, not ice point. The mark did not contain a word that described the features or color of the designated goods, nor was the expression commonly used to describe features of beverages like beer. It was not a publicly known or used term in the beverage industry. Therefore, when used on beer products, it could indicate the source of goods and would not mislead the public. Consequently, the TRAB ruled that the opposed mark was entitled to registration.

I.B.1. Generic

The registration of TOFFEE as a trademark for candies by a Taiwanese company has caused quite a stir in the Chinese confectionery industry.204

In August 1995, Taiwan Yilan Food Industry Co. Ltd. filed a trademark application in the People’s Republic of China for TOFFEE in Chinese characters, to cover candies. The mark was registered in May 1997.

In December 2005, the Confectionery Committee of the All China Food Industry Association, on behalf of dozens of Chinese confectionery manufacturers, brought an invalidation action against the registration before the TRAB. Several of the Association’s member companies had been hit with administrative fines and other penalties by the local Administration for Industry and Commerce (AIC) in Yuanjiang City and Jing City, in Hunan Province, for alleged infringement of the TOFFEE trademark, and the Association had received numerous petitions and complaints from its members in the confectionery industry.

Toffee, like chocolate, has become a generic term for a particular kind of candies. It was first used by the British in 1890 and has a history in China of over a century. Since 1965, many publications in the food industry, including *China Candies Dictionary*, have listed toffee in Chinese as a category of candies. In the industry standard of the People’s Republic of China, candies

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are classified as milky candies, baked sugar candies, and toffee candies.

People in the industry estimate that there are more than 500 confectionery companies in China that manufacture toffee candies. Some even list the product as their main promotional item. Toffee candies, as a category of candies, traditionally are the best-selling products in the market. The Confectionary Committee contends that if one company is allowed to enjoy exclusive rights over the term TOFFEE as a trademark, fair competition in the industry will be restrained and the interests of the public will be negatively affected. Moreover, China will encounter resistance and possible retaliation in the international market if toffee candies made by foreign manufacturers are prohibited from entering the Chinese market because of one company’s registration of the term TOFFEE in Chinese as a trademark.

Taiwan Yilan Food Industry Co. claims that the second Chinese character used in its mark is different from the second character that people normally use in spelling TOFFEE in Chinese characters. Therefore, the mark is not an exact Chinese transliteration of the word TOFFEE, and, as such, is entitled to be registered. This argument is quite weak, as the local AIC agencies all view the company’s trademark as TOFFEE in Chinese characters and have relied on it to enjoin others from using the term TOFFEE on their candy products.

As this issue goes to press, the case is still pending. It appears that the registrant has not actively enforced in China its rights supposedly derived from the mark. By contrast, some local AIC agencies have been overzealous in enforcing those rights; that aggressive enforcement is what prompted the Confectionery Committee to bring the invalidation action. The parties, and the confectionery industry in general, will continue to monitor the progress of this litigation and to fight for the rights they claim they are due.

A similar conflict has occurred in the textile home products industry. Since May 2003, when the term SUBGRASS was registered as a trademark by Ningbo Huaye, a company in Zhejiang Province, four textile companies have lodged invalidation actions before the TRAB on the ground that the mark is generic. Meanwhile, the registrant has brought trademark infringement actions against competitors that have used the term in their product names or advertisements. Again, a single mark has aroused broad concerns in the industry.

The trademark registration for SUBGRASS covers mats, grass mats, grass pillow mats, etc., in Class 27. Use of the mark as a

product name or on product packaging without the registrant’s authorization constitutes infringement of its trademark rights. On that ground Ningbo Huaye brought a court action against one of its major competitors, Shanghai Xinxi Home Textile Products Ltd., in August 2006. The defendant views the court action as unjustified. Shanghai Xinxi has been selling subgrass mats for years, and the word “subgrass” has always been part of the company’s product names.

Subgrass is a man-made, grasslike material used to make various home textile products. A kind of paper thread made of wood paste, it is known as paper grass in the industry. Several dozen years ago, it was used to weave small items, such as straw hats. In 1997, the material was successfully woven into cloth to be used in making window shades. Since 2001, many factories in southern China have begun to use it to make straw-type mats. The texture of the material is between linen and grass. Therefore, people have started to call it subgrass.

Most companies in the industry view subgrass as a generic name for a particular material. Using “subgrass” as a search term on Chinese websites such as Baidu, one can locate manufacturers and sellers of subgrass products all over China. Subgrass also has been used extensively by reputable companies both inside and outside China, each of which has its own series of subgrass products. The name is used to describe a material and products that have become widely recognized by consumers. To let it be registered as a trademark and monopolized by a single company will hurt competition in the country.

Because this case will have a great impact on competition in the subgrass manufacturing and sale sector, people expect that it will be decided in the interests of the public and against the registrant.

I.D.1. Similarity of Marks

A three-year war over registration of the trademark H & Design between Chongqing Hengshen Motorcycle Industry Ltd. (Hengshen) and Japan Honda Technology Research Industry Ltd. (Honda) was finally decided in favor of the Chinese applicant.

In January 2003, Hengshen’s mark was preliminarily approved and published by the Chinese Trademark Office. Three months later, Honda lodged an opposition, claiming that the opposed mark was similar to its trademark H design, earlier registered in China, and that it suspected the applicant of copying the latter.

In reply, Hengshen contended that the marks at issue were distinguishable in concept, design, and visual impression. It further argued that, through long and extensive use and
promotion, its mark had become well known and had acquired substantial value as an intangible asset.

The Chinese Trademark Office found that Hengshen’s registration designated vehicles, vehicle covers, small vehicles, motorcycles, back mirrors, and land, air, or railroad vehicles, and that Honda’s registration designated similar goods in the same class. However, it determined that the marks were different. Hengshen’s mark consisted of varied capital letters SH, while Honda’s mark consisted of a rectangular shape with the English capital letter H. The two marks appeared different in their combination, concept, and overall impression. They were not similar marks for similar goods. Therefore, use and registration of the opposed mark would not cause consumer confusion or misconception. Moreover, although Honda charged that Hengshen had copied its mark, the company did not provide evidence to support its claim.

Based on the above findings, the Chinese Trademark Office dismissed Honda’s opposition and approved the registration of the mark H & Design in Class 12 in the name of Hengshen.206

This case proves once again that if two marks are different or distinguishable, they can coexist, even if they are used on identical or similar goods.

In November 2006, the long-simmering dispute over the promotion and sale of VIAGRA branded pills erupted again. Pfizer Inc. (Pfizer), the owner of the famous VIAGRA mark, brought suit against Guangzhou Wei Er Man Pharmaceutical Ltd. (Guangzhou Wei Er Man), the registrant of the best-known Chinese transliteration version of VIAGRA, WEI GE (“great elder brother”). This time, Pfizer alleged that the Chinese company had infringed its three-dimensional blue lozenge-shaped trademark. It sought RMB 1,000,000 as damages.207

The dispute between the two companies can be traced back to 1998, when Pfizer’s anti-ED (erectile dysfunction) medicine, branded VIAGRA, was just introduced. The Chinese equivalent of the VIAGRA brand was first used by the Chinese media and later registered by Guangzhou Wei Er Man. By the time Pfizer realized the value of the version and scrambled to register WEI GE as a Chinese transliteration of its VIAGRA mark, it was already too late. Despite all its efforts, Pfizer was unable to obtain the registration for the popular Chinese transliteration version. It had to settle for WAI AI KE, a relatively less-known version. The fight between the two companies, however, has since continued.

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In 2003, Pfizer registered a blue lozenge-shaped three-dimensional mark in China for the VIAGRA branded pills. In 2006, the company found that pills branded WEI GE were being promoted by Guangzhou Wei Er Man with Pfizer’s blue lozenge-shaped mark. It claimed that samples purchased from different drug stores in Beijing proved so. Pfizer sued the retailers and the manufacturers of the medicine, including Guangzhou Wei Er Man.

At trial before the Beijing No. 1 Intermediate People’s Court, Pfizer claimed that the blue lozenge-shaped mark used by Guangzhou Wei Er Man was so similar to Pfizer’s registered blue lozenge-shaped mark that it could cause confusion among consumers. The company viewed this as a serious infringement of its trademark rights.

Guangzhou Wei Er Man countered that the tablets complained of had a compass-like shape and were in light green color, with the mark WEI GE conspicuously engraved. Consequently, anyone could easily distinguish the two products. Therefore, it argued, Pfizer’s trademark infringement accusation was groundless.

The case is still pending.

**I.F. Famous and Well-Known Marks**

Shenzhen Hai Wang (Sea King) Pharmaceutical Co. Ltd. (Shenzhen Hai Wang), after discovering sterilization lamps manufactured by a company in Wuxi, Jiangsu Province, and bearing its HAI WANG trademark, brought suit against the Wuxi company for trademark infringement, claiming unauthorized use by the defendant of its mark on the lamps. The case was decided by the Wuxi Intermediate People’s Court in favor of the trademark registrant.208

The plaintiff claimed that it was established in 1989. In 1991, it registered the HAI WANG trademark, which had since acquired distinctiveness for non-medical nutritional products. Shenzhen Hai Wang charged that the Wuxi company had copied the trademark and used it on sterilization lamps and in advertising for those products, thereby misleading the public.

The defendant answered that it was in the field of medical electric products, which is a different category of goods from the nutritional products manufactured and sold by the plaintiff. The Wuxi company explained its action by saying that as Shenzhen Hai Wang’s registration did not designate sterilization lamps, it felt that it was free to use the mark on sterilization lamps.

The court confirmed that Shenzhen Hai Wang’s trademark was acknowledged as one of the 500 most valuable Chinese brands and one of the 500 most powerful brands in Asia. As such, it was a

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well-known mark, which enjoyed special and broad protection beyond the goods and classes designated in the registration. The defendant’s use of the mark on goods in a different class could, the court held, cause confusion among consumers as to the origin of goods. Therefore, the court ordered the defendant to immediately stop its unauthorized use of the trademark HAI WANG, publicly apologize to the plaintiff, and pay RMB 50,000 as damages.

Similarly, in the first case of its kind, the Shanghai High People’s Court found infringement of the HENNESSY trademark by the local trademark HANLISSY, although three letters in the eight-letter mark were different.\(^{209}\)

In September 2004, the defendant, Mr. Weiguo Zhao, founder of Zhuhai Oak Barrel Trading Co. registered the trademark HANLISSY, with a Chinese translation, which reads as Heng Li Shi. The mark also contains a design of a 17th-century general on horseback and waving a sword, which leaves the public with the strong impression that it is a foreign mark. Mr. Zhao used the mark on cognac products, which became very popular in local supermarkets without much advertising.

Hennessy Co. had discovered in July 2004 that the defendant was selling HANLISSY French cognac and brandy in Shanghai supermarkets, thereby directly infringing its trademark HENNESSY. The company purchased four sample products and sent a warning letter to the supermarket where the products were offered for sale.

In March 2006, Hennessy sued Mr. Zhao for willful infringement of its mark and requested that he stop the infringement, make a public apology in local newspapers, and pay RMB 500,000 as damages.

In court, the defendant claimed that his word and design mark HANLISSY & Chinese characters had been registered at the Chinese Trademark Office and was different from the HENNESSY mark in design, color, and font size. Moreover, the Chinese translation of HANLISSY was Heng Li Shi, while the Chinese translation of HENNESSY was Xuan Ni Shi. Therefore, the defendant argued, the marks were not similar, and he had not infringed the plaintiff’s trademark rights.

Based on Article 52(1) of the Chinese Trademark Law,\(^ {210}\) Hennessy argued that if two marks are similar with respect to


\(^{210}\) Trademark Law of the People’s Republic of China, August 23, 1982, as amended. Article 52(1) provides: “Any of the following acts shall be an infringement of the exclusive right to use a registered trademark: ... to use a trademark that is identical with or similar to a registered trademark in respect of the identical or similar goods without the authorization from the trademark registrant. . . .”
font, pronunciation, meaning, color, design, or a combination thereof, or are likely to mislead or cause confusion among the public as to the source of the goods, or to lead the public to believe that there is a likely link between the source of the goods and the trademarked goods owned by the plaintiff, the marks are confusingly similar. Applying this principle to the present case, there were two factors that made the marks at issue confusingly similar. First, both marks contained eight letters, of which five, including the first and the last three letters, were identical. Second, in pronunciation, both had three syllables, with the first and third identical and the second similar, as in some southern areas of China there was no distinction between the pronunciations of “n” and “l.” Consequently, the marks HANLISSY and HENNESSY sounded very similar and were difficult to distinguish. In terms of their overall impression, therefore, an average Chinese consumer would find them confusingly similar.

The court agreed. It held that HENNESSY was a well-known mark in China, and that Mr. Zhao, as a liquor manufacturer, should have known that fact. The defendant’s intentional use of a confusingly similar mark on the same goods showed that he willfully misled the public as to the origin of goods in order to ride on the goodwill of the plaintiff’s mark.

This case may shed some light on how Chinese courts will rule in a trademark infringement action when the mark involved is in a foreign language.

I.I. Licensing

Licensing is quite common in exploiting trademark rights. With the opening of the vast Chinese market, many world-famous marks have entered that market through licensing. However, some foreign companies do not follow the prevailing practice in the field, and this has cost Chinese domestic licensees dearly. A case in point is the recent dispute over a trademark license agreement between an Italian firm, Brums Company, and Ningbo Bomusi Clothing Ltd.211

The Italian company is known for its BRUMS branded children’s wear. In 2003, Brums entered into a license agreement to allow Ningbo Bomusi Clothing to use the BRUMS trademark and its Chinese equivalent version in China. Under the license agreement, the Ningbo company would be the exclusive licensee of the BRUMS mark in mainland China, with rights to manufacture and sell children’s wear bearing the mark. The agreement was valid for five years. The licensee started to pay the licensor

royalties amounting to 5 percent of the total sales; the minimum amount was US $140,000, which would increase annually. In 2004, the parties agreed to extend the license agreement to January 2009. The two license agreements were recorded at the Chinese Trademark Office.

Despite high royalties, Ningbo Bomusi Clothing found the mark valuable. Since 2003, it had invested a substantial amount of money and effort in developing and promoting the mark in China. The total investment exceeded RMB 30 million. In two years, the BRUMS mark had successfully entered the market in large and medium cities in China and had been recognized by customers as a brand for high-quality children’s wear. The licensee had opened 45 special stores and 20 franchised stores in various Chinese cities. In November 2006 alone, its sales exceeded those for the whole year in 2005.

However, in November 2005, while the parties were still negotiating to resolve the dispute, Brums, claiming that the licensee had sold the BRUMS goods outside China without its permission and willfully changed the designs of the licensed products, had terminated the license agreement with Ningbo Bomusi Clothing and licensed the mark to another company.

The licensee denied that it had ever sold BRUMS products outside the licensed territory and argued that the licensor had no hard evidence to prove otherwise. As to the charge of changing the designs, the licensee claimed that, based on the license agreement, it was granted the right to do so, the changes being based on market feedback. It had always reported the changes to the licensor, and that party had never objected.

Despite the licensee’s efforts to amend the situation, Brums announced that the licensing agreement had been terminated and the BRUMS mark licensed to another company. The licensor requested the licensee to stop using the mark BRUMS.

The licensee contended that the licensor’s acts violated its lawful rights under the licensing agreement. It asserted that its rights to the exclusive use of BRUMS and related marks were fully supported by the agreement. During the term of the agreement, nobody was permitted to use the marks in China without the licensee’s express authorization. The licensor’s premature termination of the agreement had caused the Chinese company tremendous damage and forced it to bring this action in order to protect its rights.

According to the licensee, the court action was meant to bring attention to the complex nature of trademark licensing agreements involving foreign parties and to alert Chinese companies to the possible pitfalls of such agreements.
II.C.1.b. Personal Names

Feng Hou is an established scientist in vegetable research and development in China. He is known for cultivating several new cucumber varieties. As Honorary Director of the Tianjin Cucumber Research Institute and Deputy Director General of the Tianjin Agriculture Academy, Mr. Hou is highly respected in the field.212

As the name Feng Hou had become associated with the cultivation of new and high-quality vegetables, a farmer in Anhui Province applied for registration of a mark that sounded identical and looked very similar to the name, for use with plant seeds, rice seeds, mushroom seeds, and fresh vegetables. Mr. Hou filed opposition against the application.

Mr. Hou claims that to the average consumer the mark sounds the same as and looks almost identical to his name. Consequently, it will mislead the general public, which will associate the mark with him and his research achievements. He argues that registration of the mark will also violate his rights in his personal name.

The opponent further asserts that the applicant’s name, Tao Ding, is totally different from the mark, and therefore it is clear that the applicant is attempting to ride on the goodwill of the name Feng Hou, in violation of Mr. Hou’s personal rights. As a farmer, the applicant should know Mr. Hou and his achievements, as well as the fact that he has been lauded as the king of cucumbers in China. To register a mark closely resembling Mr. Hou’s name without his authorization violates his rights and reveals that the applicant desires to seek profit by illegal means.

The opposition is pending at the TRAB.

III.D.2.a. Fair Use

Conflict between a trademark and a similar trade name by different parties has always been a thorny issue in China. A recent decision by the Beijing People’s Court has again drawn the public’s attention to the issue.

On June 9, 2006, Hainan Hai Zhi Run Biotech Engineering Company sued Sanya Hai Run Jewelry Co. Inc. and several of its affiliates and subsidiaries in Beijing First Intermediate People’s Court for infringement of its registered trademark HAI RUN.213 The court dismissed the lawsuit, and the plaintiff appealed. In June 2007, the Beijing High People’s Court upheld the lower court’s decision, making the judgment final.


The plaintiff claimed that it was established in March 2003 as Hai Run Pearl Science & Technology Company. It argued that the defendants had used the labels HAI RUN PEARL and HAI RUN PEARL & Design on cosmetic products, sales counters, billboards, advertisements, and the company website, and that the labels were confusingly similar to its registered mark HAI RUN. The defendants' acts constituted trademark infringement and should be stopped.

The defendants argued that the plaintiff's mark HAI RUN was registered for cosmetics. The mark was not HAI RUN PEARL, which was the trade name of the defendant Hainan Hai Run Pearl Science & Technology Co. The defendant manufactured and sold cosmetics with the trademark NAN HAI. HAI RUN PEARL was also labeled on products to indicate that the major ingredient of the products was the well-known product Hai Run pearls. It was also fair use of the company’s business name.

The court found that the registered trademark of the plaintiff was HAI RUN, and not HAI RUN PEARL. HAI RUN PEARL was actually the trade name of the defendant, which had not used HAI RUN PEARL conspicuously and together as a trademark. It was used in combination with the mark NAN HAI & Wave Design. Therefore, the court dismissed the plaintiff's lawsuit and ruled that the use of HAI RUN PEARL by the defendant and its affiliated companies was proper.

This case demonstrates that, in certain circumstances, fair use can cover a trade name that contains a trademark by another party. It may shed light on the principles involved in disputes between trademarks and trade names.

Another case involved the trademark LAVENDA, which was registered for paper napkins by an individual, Ms. Fengying Li, in September 2004.214

Later, Li licensed the mark to two paper manufacturing companies for use on their paper products. In April 2006, Li found that on the packaging of HEART TO HEART brand paper napkins, the term LAVENDER had been used extensively and conspicuously. She viewed the use as an infringement of her trademark rights and brought a court action before Beijing No. 1 Intermediate People's Court, requesting an injunction against the manufacture and sale of the products and seeking damages of RMB 2 million with costs of RMB 125,000.

The defendant argued that lavender was the generic name of a plant. Use of the term on product packaging was not an infringement, but rather a non-trademark use, to indicate to consumers that the flower was an ingredient of the product. The

defendant contended that this was fair use, and that such use did not infringe Li’s trademark rights.

The court has yet to decide the case. The key issue will be whether the defendant uses the term LAVENDER as a trademark.

COLOMBIA

I.A.4. Quantity and Quality of Use

In 1997, Banco Union S.A. C.A. brought a cancellation action for non-use of the trademark LA UNION, registered in the name of Banco Union Colombiano and covering all services in Class 36.215 The trademark owner filed evidence of use of the mark BANCO UNION COLOMBIANO but not of the mark LA UNION. According to the Trademark Office, the expressions Banco Union Colombiano and La Union exhibited substantial differences that changed the way consumers perceived them. The Office further held that the evidence of use filed by Banco Union Colombiano did not prove a link between the use of the mark LA UNION and the services for which it was registered. Accordingly, it cancelled the trademark registration for LA UNION for non-use.

Banco Union Colombiano filed an action for declaration of nullity and restoration of rights against the resolution by which the Trademark Office cancelled the registration of its trademark.216 The claimant’s main argument was that it had used the mark LA UNION during the three years preceding the filing of the action (1994–1997), even though it had made some secondary variations to the mark that did not alter its distinctive character. Specifically, the fact that it used the LA UNION mark in conjunction with the words BANCO (“bank”) and COLOMBIANO (“Colombian”) did not, the claimant argued, mean that said variations altered the mark substantially, because those terms were commonly used in the financial services field. In this case, BANCO was used to indicate the type of financial entity and COLOMBIANO was used to indicate its origin. As these expressions are not appropriable, the claimant concluded that the distinctiveness of the mark was obvious.

In its pre-judicial interpretation of the case, the Andean Court of Justice noted that the registration of a trademark confers on its owner not only an exclusive right of use but also an obligation with respect to use. The Court reminded the parties that in use a trademark should not differ from the way it was registered; at

215. Insurance; financial affairs; monetary affairs; real estate affairs.
most, it could differ only in details or elements not altering its distinctive character.\textsuperscript{217}

The Council of State decided first to establish the applicable law in this case and then to analyze whether the trademark LA UNION had been used according to that applicable law. It noted that the cancellation action was filed in 1997, when Decision 344 of the Andean Community was still in force; however, in 2003, when the mark was cancelled, a different law was in force: Decision 486.\textsuperscript{218} Temporary Provision No. 1 of Decision 486 establishes that

\[\text{[a]ny intellectual property right validly conferred under Andean Community legislation prior to the entry into force of this Decision shall be governed by the provisions that were applicable on the grant date, except in regard to the terms of validity, in which case preexisting intellectual property rights shall be adjusted to the provisions stipulated in this Decision. The provisions contained in this Decision shall be applicable with respect to use and exercise, obligations, licensing, renewal, and extensions.}\]

The Council of State considered that even though the cancellation action was filed in 1997, when Decision 344 was in force, the law applicable to this case was Decision 486, given that there was a discussion about the validity of the mark LA UNION owing to the cancellation of the registration for lack of use from 1994 through 1997.\textsuperscript{219} Accordingly, the Council held that the case under examination fell under the exception established in Temporary Provision No. 1 of Decision 486.

The Council found that, from the evidence filed by the defendant, it could not be inferred that the defendant had used the mark LA UNION during the three years before the filing of the cancellation action. Rather, the only inference was that the defendant had sold products and rendered financial services under the marks BANCO UNION, BANCO UNION/CASH, CASH UNION, and AUDIO UNION during that three-year period. The fact that the first word of the mark LA UNION had been substituted for by the expressions BANCO, CASH, and AUDIO altered the distinctive character of the mark, as it lost the strength that differentiated it from other trademarks in the market. Accordingly, the Council determined that Banco Union Colombiano, when using the trademark LA UNION in the market,

\textsuperscript{217} Proceeding No. 134-IP-2005 (Andean Court of Justice, October 5, 2005), published in \textit{Gaceta Oficial del Acuerdo de Cartagena} No. 1278, December 5, 2005.

\textsuperscript{218} Commission of the Andean Community, Decision 486, September 14, 2000 (“Common Intellectual Property Regime”).

\textsuperscript{219} Banco Unión Colombiano v. Superintendencia de Industria y Comercio, File 0052401 (Council of State, May 31, 2007).
had modified the details and elements that made the mark distinctive.

That fact was, the Council of State held, sufficient justification to cancel the mark, according to Decision 486 and the interpretation of the Andean Court of Justice. Consequently, it refused to declare void the Trademark Office’s resolution cancelling the registration of the trademark LA UNION.

**I.B.2. Merely Descriptive**

Eternit Colombiana S.A. applied to register the trademark CANALETA 90, covering all products in Class 17. Ladrillera Santafe filed opposition, arguing that the trademark was not distinctive because it was a generic and descriptive term.

The Trademark Office refused the registration and allowed the opposition. It deemed that the applied-for mark consisted exclusively of a generic term that described the products identified with the mark. The Office found that the expression CANALETA referred to a channel, which in the construction sector corresponds to a wider channel that allows waters to flow over it. Therefore, it held that the trademark CANALETA 90 could not be registered because it would give the applicant a competitive advantage in the market.

In response, Eternit Colombiana filed an action for declaration of nullity and restoration of rights against the Trademark Office’s resolution. Its main argument was that the word CANALETA was not exclusively a generic term, as it was accompanied by the number 90, which provided distinctiveness. Therefore, the claimant contended, the expression CANALETA 90 did not meet the criteria for non-registrability invoked by the Trademark Office—that is, the mark must consist exclusively of a sign or indication of the technical or generic name of the respective product. The claimant argued, further, that it had used the trademark CANALETA 90 to identify Class 17 products for several years in the Colombian market.

In its pre-judicial interpretation of the case, the Andean Court of Justice reiterated that a generic term may not be registered as a trademark unless it is accompanied by one or more expressions that, used in a sense different from the original, have sufficient expressive force to confer distinctiveness on the mark in relation to the corresponding product.

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220. Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal.


The Council of State first established the meaning of the word CANALETA, then analyzed whether it described the products to be covered. Noting that the Dictionary of the Royal Academy of the Spanish Language (Diccionario de la Real Academia de la Lengua Española) defined CANALETA as “a small channel, [or] gutter,” which could be included in the goods covered by Class 17 because those products could be made of semiworked plastic materials, the Council determined that CANALETA was a generic term. It then followed the Andean Court of Justice’s interpretation, holding that the number 90 did not provide distinctiveness to the word CANALETA as it could be understood by consumers as referring to the size, weight, or any other characteristic of the product.\(^{223}\)

For those reasons the Council of State refused to declare the nullity of the Trademark Office resolution that denied the registration by Eternit Colombiana of the trademark CANALETA 90 for products in Class 17 and allowed the opposition filed by Ladrillera Santafe.

The National Academy of Recording Arts & Sciences filed before the Council of State an action for declaration of nullity and restoration of rights against the Trademark Office’s resolutions refusing registration of the service mark THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES, to cover “services of association through the promotion of the recording industry of Latin music” in Class 42.\(^{224}\) The Trademark Office determined that the applied-for mark consisted exclusively of the indication of the service to be rendered (i.e., promotion of the association for the recording of Latin music), as the mark described the service and its main characteristics. It considered that when consumers translated the English terms into Spanish, they would know that the service identified was the recording of Latin music, as the English terms were known locally.

In its complaint, the National Academy argued that THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES was a combination of words written in English for which no general use could be claimed in Colombia. It contended that the mark did not include expressions of necessary use for those that rendered services included in Class 42, and that for such reason competitors would not be affected. Moreover, the complainant argued, the Trademark Office had already granted trademark registration for THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES for products in Class 9 and services in Class 41.

\(^{223}\) Eternit Colombiana S.A. v. Superintendencia de Industria y Comercio, File 00801 (Council of State, August 17, 2006).

\(^{224}\) Resolution No. 40501, December 19, 2002; Resolution No. 6262, February 28, 2003; Resolution No. 7887, March 27, 2003.
The Council of State followed the pre-judicial interpretation of the Andean Court of Justice\(^\text{225}\) in holding that those expressions that communicate to the consumer exclusively the qualities or characteristics of the services offered cannot be registered as trademarks. It also noted that generic expressions in a language other than Spanish cannot be registered as trademarks to cover goods or services they describe if their meaning in that language (in this case, English) is publicly known by consumers in Colombia. Moreover, the fact that the trademark THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES was already registered in Classes 9 and 41 did not mean that the Trademark Office was obliged to register the same mark in Class 42, as each one of the applications was different and covered different kinds of products or services.

Taking these findings into account, the Council of State held that the mark THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES used English generic terms that were phonetically similar to their Spanish translations and had in common roots that allowed consumers to understand their meaning: LATIN = LATINO; ACADEMY = ACADEMIA; RECORDING = GRABACIÓN; ARTS = ARTE; SCIENCES = CIENCIA. The words, when combined, formed a descriptive expression of the service to be rendered. Therefore, the Council held, the mark informed consumers about that service and its characteristics.\(^\text{226}\)

Accordingly, the Council of State did not declare the nullity of the resolutions refusing the trademark registration of THE LATIN ACADEMY OF RECORDING ARTS & SCIENCES for services in Class 42.

Arcesa S.A. filed a declaration of nullity and restoration of rights action against the resolutions that refused the registration of the trademark SUPERSALDOS & Design, to cover various services in Class 42.\(^\text{227}\) The Trademark Office held that the expression SUPERSALDOS (“super sales”) referred directly to a characteristic of the service that it would cover, and therefore was a generic term that could not be appropriated by anyone.\(^\text{228}\)


\(^{226}\) National Academy of Recording Arts & Sciences v. Superintendencia de Industria y Comercio, File 200300346 (Council of State, October 11, 2006).

\(^{227}\) Wholesale and retail sale of products through specialized department stores; services relating to the cutting of pieces of different materials; advisory services in environments and decoration; advisory services in household products.

\(^{228}\) Resolution No. 37394, November 20, 2001; Resolution No. 1226, January 28, 2002; Resolution No. 10065, March 22, 2002.
Arcesa argued in its complaint that SUPERSALDOS was a new term in the field of the services that it sought to cover. It explained that SUPERSALDOS & Design was an evocative trademark that provided the consumer only a partial idea of the services offered and did not indicate their essential quality. Arcesa also asserted that the prohibition on registration of generic terms was intended to prevent a business from monopolizing a term that described the quality, quantity, value, date of production, or other characteristics of the service covered. The applied-for mark did not, the complainant argued, provide data about the nature or quality of the service offered because, even though it evoked an idea of the service, it did not describe the productive activity.

In its pre-judicial interpretation of the case, the Andean Court of Justice stated that descriptive terms could not be registered if they referred exclusively to the characteristics of the product or service covered, except when they were accompanied by other elements providing distinctiveness to the trademark. Evocative terms that suggested certain characteristics of the service covered could be registered when they provided the consumer with an idea of the service that, through an intellectual effort, could be differentiated from other marks in the market.229

Since the graphic part did not represent a substantial element of the mark at issue, the Council of State analyzed only the nominative part. It determined that the term SUPERSALDOS was a descriptive expression because it alluded to product remainders that a trader seeks to sell at a low price in order to expedite sales. The expression provided essential information on the services to be rendered, that is, wholesale and retail sale of products through specialized department stores, in Class 42. Consequently, there was no requirement for the consumer to make an intellectual effort, because the expression described the services that the trademark sought to cover. To allow the registration of

SUPERSALDOS would, therefore, grant Arcesa a monopoly over an expression in common use.230 Accordingly, Council of State refused to declare null the Trademark Office’s resolutions denying the registration of the trademark SUPERSALDOS & Design for services in Class 42.

I.D.1. Similarity of Marks

Bayer A.G. applied to register the trademark XAROCID, covering products in Class 5.231 The Trademark Office granted the registrations notwithstanding the oppositions filed by Merrell Pharmaceuticals Inc. based on its prior-registered trademark TARGOCID, also in Class 5.232

Merrell Pharmaceuticals filed before the Council of State an action for declaration of nullity and restoration of rights against the resolutions by which the Trademark Office refused the opposition and granted trademark registration for XAROCID. Its main arguments were that (1) the expression XAROCID did not meet the requirement of distinctive capacity established in the Andean Community’s statutory provisions on trademark registration; (2) the trademark XAROCID was confusingly similar to the trademark TARGOCID, as it not only reproduced six of the latter’s eight letters but also had those six letters in the same sequence; and (3) both marks covered products in Class 5, for which the examination should be especially stringent in order to prevent damage to human health.

In following the pre-judicial interpretation made by the Andean Court of Justice, the Council of State held that a comparison of the marks at issue did not reveal confusion, as the suffix -CID could not be taken into account because it was a generic element used in the naming of pharmaceutical products. Indeed, the Court noted, pharmaceutical trademarks usually include generic words or elements that should not be taken into account in deciding whether two marks are confusingly similar. In the Court’s view, this was an exception to the rule requiring that all elements forming each mark be examined without breaking or altering the phonetic and graphic unit. Therefore, if the expressions subject to comparison include a generic element, that element should not be taken into account in making the comparison.233


231. Pharmaceutical preparations and substances; diagnostic preparations and reagents for medical use.

232. Resolution No. 35619, October 30, 2001; Resolution No. 2485, January 30, 2002; Resolution No. 13278, April 30, 2002.

Thus, the Council of State disregarded the suffix -CID and analyzed the other word elements, XARO and TARGO. It held that they were not confusingly similar. Hence, although the trademarks identified products in Class 5, for which the examination should be especially strict, the registration as a trademark of the expression XAROCID did not pose any risk of confusion among consumers of pharmaceutical products.234

Deiman S.A. de C.V. filed an action for declaration of nullity and restoration of rights against the resolution235 refusing the registration of the word and design mark DEIMAN (see below), to cover products in Class 30, and allowing the opposition filed by Fabrica de Chocolates Andino S.A. based on its prior-registered trademark IMAN, covering products in the same class. The Trademark Office rejected Deiman’s trademark application on the ground that its mark was confusingly similar to the opponent’s trademark.

The claimant’s main argument was that the Trademark Office did not make an appropriate examination of the applied-for mark, as it took into account only the element IMAN and dismissed other characteristics that rendered the mark distinctive.

In the mandatory pre-judicial interpretation of the case, the Andean Court of Justice pointed out that in an analysis of whether two marks are confusingly similar, all the elements forming each mark must be taken into account, and dissection of the integrating parts of the marks under comparison must be avoided. When a graphic mark and a nominative one are being compared, however, it is necessary to preserve the phonetic and visual unit of each mark; therefore, it is possible to dissect the elements of the trademarks.236

The Council of State held237 that in a comparison of a graphic mark and a nominative mark the nominative element usually prevailed, as it was the relevant element consumers used to identify the product. However, the Council acknowledged that in

some instances the graphic element was the prevailing characteristic of the mark, and in that case that element should prevail.

Taking that fact into account, the Council of State considered that in this case the element that prevailed in the trademark DEIMAN was the nominative one, as the graphic element consisted only of a special type of letters enclosed in a horizontal oval in black and white. Therefore, the Council proceeded to analyze whether the marks DEIMAN and IMAN were confusingly similar, based on the criteria provided by the Andean Court and on the following rules:

1. If the marks being compared contain identical vowels that appear in the same order, it is assumed that the marks are similar.

2. If the tonic syllables coincide, either because they are identical or very similar or because they occupy the same position, the marks are similar.

3. If the tonic syllable and the syllable located in the first position are equal, the similarity is more relevant. If, on the other hand, the tonic syllables are different and the syllables in the first position coincide, the possibility of similarity will be lower.

The Council of State held that the first element of comparison was not met in this case, as the applied-for mark contained the letter E, which was not included in the trademark IMAN. Also, the Council held that the second element was not met, because DEIMAN was a word that was not known in the Spanish language and could be pronounced with the accent on the letter E, whereas IMAN (“magnet”) was a Spanish word and had the accent on the letter A. The fact that the second requirement was not met excluded the analysis of the third element.

The above analysis led the Council of State to conclude that the marks were not confusingly similar, and for such reason it declared the nullity of the resolution that refused the registration of the trademark DEIMAN.

Société des Produits Nestlé S.A. (Nestlé) requested that the Council of State declare null and void the Trademark Office’s resolutions refusing the registration of the trademark MEGA, to cover all products in Class 30.238

The Office refused the registration based on its analysis of the opposition filed by Compañía Nacional de Chocolates S.A., owner of the registered trademark MEGA JET in Class 30. The opponent

238. Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices, honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices, ice.
had argued that the applied-for mark lacked distinctiveness because it was graphically, orthographically, and phonetically similar to the opponent’s mark.239

Nestlé’s main arguments in support of its action were that (1) the marks were not confusingly similar, because the opponent’s trademark was accompanied by the expression JET, which is well known in the Colombian market as a distinctive mark identifying chocolates, and (2) the Trademark Office was violating the right of equality because in the past it had admitted for registration different trademarks incorporating the word MEGA and had accepted the coexistence of such trademarks as SUPER and SUPER JET, ALEGRIA and ALEGRIA JET, and ESTRELLITAS and ESTRELLITAS JET, all of which presented almost the same factual situation as MEGA and MEGA JET.

The Council of State began by dismissing the claimant’s argument that the resolutions should be declared null because they violated the right of equality. The Council held that its purpose in deciding this action was exclusively to determine whether the Trademark Office had violated trademark registration provisions of Decision 486 when it refused the registration of MEGA in Class 30, and not to judge or analyze previous decisions of the Office.240

Subsequently, the Council took into account that the term MEGA was a superlative prefix in common use that referred to something great. Following the criteria established by the Andean Court of Justice for comparing two trademarks,241 the Council held that the mark MEGA did not have a distinctive element as compared with the trademark MEGA JET. Therefore, it held that the marks under comparison were phonetically, orthographically, and visually similar. Because both marks identified products in Class 30, the Council of State ruled that the trademark MEGA could not be registered.

For the above-mentioned reasons, the Council of State did not declare the nullity of the resolutions that refused Nestlé’s application for registration of the trademark MEGA in Class 30 and allowed the opposition filed by Compañía Nacional de Chocolates.

Tecnoquímicas S.A. de C.V. filed before the Council of State an action for declaration of nullity and restoration of rights against the Trademark Office’s resolutions refusing the registration of the

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The trademark S-URISTIX,\textsuperscript{242} to cover products for human use in Class 5.\textsuperscript{243} The Trademark Office had deemed the applied-for mark similar to the trademarks URISYS and SURISTAT, previously registered by third parties.

The main arguments raised by Tecnoquímicas were that (1) the Trademark Office did not take into account that the applied-for mark was an extension of the trademark URISTIX, previously registered by Tecnoquímicas, and (2) the mark S-URISTIX was not confusingly similar to either of the prior-registered trademarks.

In its pre-judicial interpretation of the case, the Andean Court of Justice stated that the owner of a trademark may apply for the registration of a mark that constitutes a derivation of that trademark on the condition that the applied-for mark consists of the trademark previously registered, with no substantial variations, and that the products or services correspond to the ones covered by the trademark previously registered. Additionally, the Court reiterated that when the products at issue belong to Class 5, examiners must be especially strict in order to prevent irreparable damage to human health.\textsuperscript{244}

Applying these principles, the Council of State found that the applied-for mark S-URISTIX was a derivation of the previously registered trademark URISTIX, because the only variation between them—the letter S—was not substantial and because the products to be covered by the applied-for mark were the same as those covered by the previously registered trademark. Accordingly, the Council held that the owner of the trademark URISTIX complied with the requirements for applying for a derived trademark.\textsuperscript{245}

Next, the Council of State examined whether the mark S-URISTIX was confusingly similar to the trademarks SURISAT and URISYS, as all three trademarks covered products in Class 5, for which the examination should be especially rigorous in order to prevent damage to human health. In its examination, the Council of State found that there was no spelling, phonetic, or conceptual similarity between the trademarks S-URISTIX and SURISAT.

In addition, the Council found that there was no similarity, either in spelling or from a phonetic or conceptual perspective, between the trademarks S-URISTIX and URISYS. It considered

\textsuperscript{242} Resolution No. 16127, May 27, 2002; Resolution No. 24846, July 31, 2002.

\textsuperscript{243} Pharmaceutical, veterinary, and sanitary products; dietetic substances for medical use, food for babies; plasters, materials for dressings; material for filling teeth and for dental wax; disinfectants; products for destroying harmful animals [vermin]; fungicides; herbicides.

\textsuperscript{244} Proceeding No. 103-IP-2004 (Andean Court of Justice, October 27, 2004), published in \textit{Gaceta Oficial del Acuerdo de Cartagena} No. 1147, December 3, 2004.

\textsuperscript{245} Tecnoquímicas S.A. de C.V. v. Superintendencia de Industria y Comercio, File 20020378 (Council of State, November 9, 2006).
that the comparison in this case should not take into account the
prefix URI-, which referred to urinary tracts and therefore was not
appropriable. Moreover, the Council held, if the trademarks
URISTIX and URISYS had coexisted peacefully in the market,
there should be no problem with the coexistence of S-URISTIX and
URISYS, which were even more different than URISTIX and
URISYS.

The Council of State declared the nullity of the resolution that
refused the registration of the trademark S-URISTIX, on the
grounds that it was derived from the previously registered
trademark URISTIX and that there was no confusing similarity
between the trademark S-URISTIX and the trademarks URISYS
and SURISTAT.

Grupo Farma de Colombia brought an action for declaration of
nullity and restoration of rights against the resolutions by which
the Trademark Office refused the registration of the trademark
TERATON, to cover pharmaceutical, veterinary, and sanitary
products in Class 5. The Office considered that the applied-for
mark was confusingly similar to the prior-registered trademark
TERRALON, covering products in that class. Indeed, the Office
found, the marks had orthographic, phonetic, and visual
similarities. Therefore, the Trademark Office held that the
trademark TERATON lacked distinctiveness and could not be
registered according to the provisions of Decision 486.246

In its complaint, Grupo Farma de Colombia argued that the
Trademark Office had based its decisions on the fact that the
expressions TERA and TERRA were similar, disregarding that,
because these expressions were commonly used to distinguish
products in Class 5, they were not appropriable. Also, the claimant
argued, the consonants of the expressions were different, and the
products covered were medicines, the acquisition of which required
special attention from the consumer. Finally, the claimant argued,
this action had to be decided in the same manner as the action
involving the trademarks DERMALEX and DERMADEX. In that
case, the Council of State had concluded that the comparison
between the trademarks should take into account only the
termination of the words, as the prefix DERMA- was in common
use with respect to products in Class 5.

In the pre-judicial interpretation of the case, the Andean
Court of Justice stated that the fact that a previously registered
trademark included an expression in common use did not impede
the inclusion of that expression in other marks applied for by third
parties. In addition, the Court opined that it could not be held that
two trademarks were confusingly similar only because they shared

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246. Resolution No. 31253, September 27, 2002; Resolution No. 42021, December 24,
2002; Resolution No. 00135, January 14, 2003.
an expression in common use. It considered that elements in common use were weak and that consequently a comparison between marks that shared those elements should be made with a benevolent criterion unless the marks covered pharmaceutical products, in which case the examination should be rigorous.\textsuperscript{247}

The Council of State determined that the expression TER was in common use with respect to pharmaceutical products, as it not only had an ordinary meaning in Spanish but also had a meaning with respect to certain medicines. As proven by the fact that several trademarks registered in Class 5 had the TER as their root. Nonetheless, the Council held that the fact that TER was in common use did not mean that the comparison between the trademarks TERATON and TERRALON should be made by dividing theirs elements and excluding TER from the comparison. Instead, the Council held, the comparison should take into account all the elements of each mark, as the consumer did not perceive the mark in a fractionated manner. Thus, the Council found that the trademarks TERRALON and TERATON were formed, respectively, by eight and seven letters, six of them coinciding (the consonants T, R, and N and the vowels E, A, and O).

For these reasons, the Council of State held that the marks at issue were phonetically and visually similar, so the applicant’s trademark could not be registered for products in Class 5.\textsuperscript{248} Therefore, the Council of State did not declare null the Trademark Office’s resolutions refusing the registration of the trademark TERATON in Class 5.

Congelagro S.A. sought a declaration of nullity and restoration of rights against the resolutions that refused the registration of the trademark PAPIN & Design, to cover various products in Class 29 (below, illustration at left).\textsuperscript{249} The Trademark Office held that the applied-for mark was confusingly similar to the trademark PEPIN, previously registered by Industrias Alimenticias Noel for products in Class 30 (below, illustration at right). It deemed, therefore, that the trademark PAPIN & Design lacked distinctiveness and could not be registered, in accordance with the provisions of Decision 486.\textsuperscript{250}


\textsuperscript{248} Grupo Farma de Colombia \textit{v.} Superintendencia de Industria y Comercio, File 20030023101 (Council of State, June 14, 2007).

\textsuperscript{249} Vegetables and other edible horticultural products ready for consumption or preserved; preserved, dried and cooked fruits and vegetables.

\textsuperscript{250} Resolution No. 37135, November 22, 2002; Resolution No. 10751, April 28, 2003; Resolution No. 15556, May 30, 2003.
In its complaint, Congelagro argued that the Trademark Office had to explain why it had refused the registration of Congelagro’s trademark PAPIN & Design in Class 29, given that it had allowed the registration of that mark in Class 30 at a time when Industrias Alimenticias Noel’s trademark PEPIN was already registered. Indeed, the claimant argued, in 1999, when it filed an application for the same trademark in Class 30, the Trademark Office compared the marks PAPIN & Design and PEPIN and deemed that they had sufficient distinctive elements to render them not confusingly similar. Congelagro asserted that because of the Trademark Office’s contradictory rulings the Council of State should consider and declare void the resolutions refusing the registration of PAPIN & Design. The similarity between two trademarks was not a sufficient argument for refusing to register one of them, if the similarity did not generate confusion among consumers. Indeed, Congelagro argued, even though the marks at issue had letters in common, the difference in their primary vowel (A versus E) and the addition of the graphic element in the applied-for mark were sufficient to avoid consumer confusion.

The Council of State reasoned that just because in the past the Trademark Office would have allowed the registration of the trademark PAPIN & Design to cover products in Class 30 did not mean that Congelagro had an acquired right preventing a new analysis by the tribunal of the relevant aspects in deciding whether to grant or refuse a trademark registration. Therefore, the fact that the Trademark Office had already held that the trademarks PAPIN & Design and PEPIN were not confusingly similar did not mean that the Office had to decide the same in the future.

The Council then proceeded to analyze whether the trademarks PAPIN & Design and PEPIN were confusingly similar.

Following the pre-judicial interpretation of the Andean Court of Justice,251 the Council observed that, in accordance with the Court’s doctrine, the nominative element of a trademark usually is the determinant one, taking into account the expressive strength of the words and the fact that they may be pronounced. Nonetheless, the doctrine also holds that in some cases the graphic element of a trademark prevails, depending on its size, color, and location.

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The Council held that the graphic element of the trademark PAPIN & Design was not determinant or relevant, as it did not provide sufficient distinctiveness to the mark to prevent a risk of confusion with the trademark PEPIN. On these grounds, the Council made the comparison between the nominative elements of the marks. It concluded that they were confusingly similar because the only element that differentiated them was the letter A, in the applied-for mark, versus the letter E, in the prior-registered trademark, and because both marks covered food products.

For these reasons, the Council considered that the marks under comparison were phonetically and visually similar, and consequently the applied-for mark could not be registered.\(^{252}\) Therefore, the Council of State did not declare null the Trademark Office’s resolutions refusing the registration of the trademark PAPIN & Design for products in Class 29.

Creaciones Sublim S.A. filed before the Council of State an action for declaration of nullity and restoration of rights against the resolutions that refused the registration of the trademark VIC MATIE, to cover products in Class 16 (below, illustration at left).\(^{253}\) The Trademark Office refused the registration of the trademark VIC MATIE because it deemed that it has visual, conceptual and orthographical similarities with the trademark BIC & Design, previously registered by Bic Industria Esferografa Brasileira to cover products in Class 16 (below, illustration at right). The Trademark Office considered that to grant the registration of the trademark VIC MATIE in Class 16 would induce consumers into error, because the mark applied for does not have sufficient distinctive elements to be differentiated from the trademark BIC & Design.\(^{254}\)

The claimant’s main argument was that the marks at issue had distinctive elements that differentiated them and that its trademark VIC MATIE was well known in Venezuela, a member country of the Andean Community at the time the trademark was applied for in Colombia.

With regard to the well-known character of the VIC MATIE mark in Venezuela, Creaciones Sublim argued that if Decision 486 granted protection against use and registration of similar trademarks in the territory of other member countries of the Andean Community, there was no legal reason not to allow the trademark registration of VIC MATIE in Colombia. Additionally,

\(^{252}\) Congelagro S.A. v. Superintendencia de Industria y Comercio, File 20030044401 (Council of State, June 7, 2007).

\(^{253}\) Paper and cardboard receptacles, plastic material for packaging and printed brochures.

\(^{254}\) Resolution No. 00072, January 16, 2002; Resolution No. 08504, March 19, 2002; Resolution No. 20531, June 27, 2002.
The claimant argued that on previous occasions the Trademark Office had allowed the registration of trademarks that reproduced certain elements of previously registered trademarks, such as ANA KERINA/ANA MARIA, PABLO’S/PABLOSKY, LAURA/LAURA BIAGIOTTI, and HELENA RUBINSTEIN/HELENA/HELENA URRUTIA.

VIC MATIE

The Council of State held that when a word and design mark and a nominative mark are being compared, the predominant element for the purposes of the comparison is the nominative one. Accordingly, it did not analyze first whether the graphic element of the word and design mark was sufficiently distinctive in order to decide whether it should be taken into account in comparing the trademarks.

When making the comparison between the nominative element of the trademarks, the Council noted that the trademark VIC MATIE was applied for to cover products in Class 16, that is, the same products covered by the trademark BIC & Design. In addition, it held the expression MATIE did not provide sufficient distinctiveness to the applied-for mark, because when the trademarks VIC MATIE and BIC were compared the phonemes BIC and VIC stood out. This phonetic and visual similitude, and the fact that the trademarks covered the same products, were sufficient reasons for the Council to conclude that there was a risk of confusion for consumers with regard to the origin of the products covered.255

For these reasons, the Council of State did not declare the nullity of the resolutions issued by the Trademark Office that refused the trademark registration of VIC MATIE, to cover products in Class 16.

It is important to note that the Council of State did not analyze the argument raised by the claimant with regard to the well-known character of the trademark VIC MATIE in Venezuela. Indeed, the Council did not even address this argument or provide reasons why it should be disregarded.

Kao Corporation applied to register the trademark BIORÉ & Design, covering products in Class 3 (below, illustration at left).256


256. Cosmetics; moisturizers; toilet items; soaps; perfumery; essential oils; shampoos; conditioners; cleansers; lotions; creams; deodorants for personal use; body, skin and hair preparations; dentifrices and face cleaning masks.
The Trademark Office did not grant the registration because it considered that the applied-for mark was confusingly similar to the trademark BIOREX (below, illustration at right), which was already registered in Class 3 and covered products that were related to those that the applied-for mark intended to cover.\(^{257}\)

Kao Corporation filed before the Council of State an action for declaration of nullity and restoration of rights against the resolutions of the Trademark Office that disallowed the registration of the trademark BIORÉ & Design.\(^{258}\) The claimant’s main arguments were that (1) the applied-for mark had a graphic element that provided distinctiveness to the mark; and (2) even though the marks at issue both covered products included in Class 3, the products they covered had a different nature and functionality, because the mark BIORÉ & Design covered products for human use while the trademark BIOREX was used to commercialize products for cleaning objects.

The Council of State held that a comparison of the marks did not reveal a likelihood of confusion, as they covered products with different purposes and objectives. Even though the products were in the same class, they were not confusingly similar because the marks distinguished products that had different objectives and different commercialization channels. Also, even though the nominative element was the first one to be analyzed because the marks had orthographic and phonetic similarities, the graphic included in the trademark BIORÉ & Design provided distinctiveness because it was evocative of a feminine face.\(^{259}\)

For these reasons the Council of State declared the nullity of the resolutions that refused the registration of the trademark

\(^{257}\) Floor disinfectants, glass cleaners, cream soap (dish washing), car shampoo, ironing products (conditioners), cleaning liquids for floors, furniture and curtains, and rinsing liquids.

\(^{258}\) Resolution No. 10167, May 31, 2001; Resolution No. 31221, September 25, 2001; Resolution No. 36771, October 31, 2001.

\(^{259}\) Kao Corporation v. Superintendencia de Industria y Comercio, File 20020015001 (Council of State, May 24, 2007).
BIORÉ & Design and ordered the Trademark Office to register the trademark in Class 3.

Aceites del Sur S.A. applied to register the trademark LA ESPAÑOLA & Design, covering oils, edible fats, and preserves in Class 29 (below, illustration at left). The Trademark Office allowed the opposition filed by Carbonell y Compañía de Córdoba based on its trademark CARBONELL & Design, registered in Class 29 (below, illustration at right), and did not grant the registrations.

In response, Aceites del Sur filed an action for declaration of nullity and restoration of rights against the Trademark Office’s resolution.260 The claimant’s main arguments were:

1. The applied-for mark complied with all the requirements established by Decision 486 for registration as a trademark.

2. The marks at issue were visually and phonetically different. That was the reason why the comparison did not reveal a likelihood of confusion, as the nominative element usually is the relevant element of word and design marks.

3. The Trademark Office had disregarded the principle of equality established in the Constitution, because every time it had decided similar cases it had followed precedent and doctrine holding that the nominative element was the relevant one in a comparison of word and design marks.

The Council of State held that even though it was clear that the graphic part of the trademarks had a bigger share when the marks were regarded as a whole, both graphics were evocative of the product covered by the mark, and therefore no one could have an exclusive right over that graphic. Indeed, the graphics represented elements and activities related to the product, such as olive trees and the harvesting of their fruit, concepts that could not be appropriated because they were descriptive of the product. The comparison between the marks should, the Council held, take into account only the nominative parts of the marks. This consideration was strengthened by the fact that the Andean Court of Justice had stated that when comparing word and design marks, in principle, the nominative element was the one that prevailed.

When the Council compared the expressions LA ESPAÑOLA and CARBONELL, it obviously found that they had no visual, phonetic, or orthographic similarities; therefore, the marks could coexist in the market without inducing consumers into error. For this reason, the Council of State declared the nullity of the resolution that refused the registration of the trademark LA ESPAÑOLA & Design and ordered the Trademark Office to register the mark.261

I.D.3. Conflict Between Trademarks and Corporate Names

Tecnipan Ltda. requested that the Council of State declare null and void the Trademark Office’s resolution allowing the registration of the trademark TECNIPAN,262 to cover products in Class 30,263 in the name of Impulsora S.A. de C.V.

Tecnipan’s main argument was that it had been using the commercial name TECNIPAN since 1987 in the Colombian market. Therefore, the trademark TECNIPAN granted to Impulsora S.A. de C.V. could not be registered because Decision 486 established that trademarks that were identical or similar to a protected trade name could not be registered if they caused confusion or a risk of association.

In its defense, the Trademark Office argued that it had not violated provisions of Decision 486, because the provision that does not allow the registration of trademarks that are identical or similar to a protected trade name applies only when the owner of the trade name files an opposition against the application of the

263. Coffee, tea, cacao, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices, ice.
trademark that is identical or similar to its trade name and demonstrates the effective use of its trade name in the market. Accordingly, if the owner of the trade name does not file the opposition against the trademark application based on its prior trade name, it cannot later claim the nullity of the resolution that granted the trademark.

The Council of State considered that in its claim Tecnipan Ltda. evidenced the fact that it had effectively used the commercial name TECNIPAN between 1993 and 2001, before the registration of the trademark TECNIPAN in the name of Impulsora S.A. de C.V. Taking this into account, the Council held that trademarks that are identical or similar to a protected trade name cannot be registered before the Trademark Office, even if the owner of the trade name does not file an opposition based on its prior trade name. Accordingly, the Council of State declared the nullity of the Trademark Office’s resolution that granted the trademark TECNIPAN in the name of Impulsora S.A. de C.V.264

I.G. Acquisition of Trademark Rights

Valent Biosciences Corporation filed an action for nullity and restoration of rights with the Council of State against the resolutions265 of the Trademark Office that refused the registration of the trademark BIOBIT, covering products in Class 5, based on the existence of the trademark NOVO BIOBIT XL, previously registered by Novo Nordisk A/S and covering products in the same class.

In its claim, Valent Biosciences argued that the Trademark Office had violated the due process of law because at the time when it decided the appeal filed by the claimant against the resolution refusing the registration of the BIOBIT mark, Novo Nordisk had already filed with the Office a brief renouncing its rights in the mark NOVO BIOBIT XL. Therefore, the basis for refusing the trademark registration of BIOBIT in Class 5 had already disappeared at the time the appeal was decided.

The trademark application for BIOBIT was filed on July 11, 1996, by Abbott Laboratories. On April 7, 1997, the Trademark Office refused the trademark application for BIOBIT in Class 5 based on the existence of the mark NOVO BIOBIT XL. On May 26, 1997, Abbott Laboratories filed reconsideration and appeal petitions against the resolution refusing the trademark application for BIOBIT. Less than two months later, on July 10, 1997, Novo Nordisk filed a brief with the Trademark Office renouncing its


265. Resolution No. 8798, April 7, 1997; Resolution No. 24156, September 22, 1997; Resolution No. 31529, November 30, 2000.
rights in the trademark NOVO BIOBIT XL. On November 30, 2000, the Trademark Office decided the appeal and upheld the resolution refusing the registration of BIOBIT. On January 31, 2001, the Office accepted the renunciation filed by Novo Nordisk in connection with its trademark rights in NOVO BIOBIT XL. Finally, on March 20, 2001, Abbott Laboratories transferred the rights in the trademark application for BIOBIT to Valent Biosciences.

Accordingly, the claimant argued, the basis for refusing the trademark registration for BIOBIT in Class 5 did not exist when the Trademark Office decided the appeal.

In its defense, the Trademark Office argued that it did not violate the due process of law in this case because according to Article 112 of Andean Community Decision 344 (the applicable regime at the time the trademark application was filed), the renunciation of a trademark registration becomes effective only after it is accepted and registered by the Trademark Office. That happened on January 31, 2001, after the appeal remedy had already been decided.

The Council of State noted that Decision 344 did not have rules regarding the acceptance of a renunciation of rights in a trademark. Therefore, it used the general rules of the Colombian Contentious Administrative Code for administrative proceedings, which state that these proceedings are ruled by the principles of celerity, efficiency, effectiveness, and economy. Accordingly, procedural administrative rules must be used to speed decisions.266

Taking this determination into account, the Council of State found it unacceptable that the Trademark Office had only accepted the renunciation of Novo Nordisk’s trademark rights on January 31, 2001, almost four years after the day on which the renunciation petition was filed. Also, it held that the renunciation of a trademark registration is effective from the date on which it is filed and not from the date on which it is accepted by the Trademark Office. This interpretation, the Council held, did not contradict Article 112 of Decision 344, as it should be understood that the rule stating that “the renunciation of a trademark registration only becomes effective after it is accepted and registered by the Trademark Office” applied only with respect to third parties and not with respect to the applicant.

For this reason, the Council of State held that the Trademark Office should have granted the trademark registration to Valent Biosciences because the basis for refusing the registration had already ceased to exist at the time it decided the applicant’s appeal. Therefore, the Court declared the nullity of the resolutions that refused the registration for the trademark BIOBIT in the

The name of Valent Biosciences Corporation, to cover products in Class 5.

COMMUNITY TRADE MARK

I.C. Distinctiveness

The American company Golf USA, Inc. filed with the Office for Harmonization of the Internal Market (OHIM) a Community trade mark (CTM) application for GOLF USA,\textsuperscript{267} covering, among other things, golf-related goods and services in Classes 28 and 35 and various other goods in Class 25. The OHIM examiner rejected the application on the grounds that the mark lacked distinctiveness and that it was descriptive of the goods and services to be covered.\textsuperscript{268} On appeal, the OHIM Board of Appeal affirmed the examiner’s decision, notwithstanding the applicant’s arguments regarding acquired use, acceptance by OHIM of other, similar marks, and national registrations for the GOLF USA mark in several European countries.\textsuperscript{269} The applicant brought the matter to the European Court of First Instance (CFI) for reconsideration.

In its appeal, Golf USA alleged that OHIM had discriminated against the company by failing to evaluate properly the earlier national registrations.\textsuperscript{270} The CFI dismissed this plea on the ground that in an examination of the legality of decisions of the Board of Appeal, the pertinent provisions of Community law\textsuperscript{271} regarding the registrability of trade marks apply, as it was evident from the pertinent case law that the principle of equal treatment must be reconciled with the principle of legality.\textsuperscript{272}

In any event, the Court pointed out that although the earlier national registrations of the same mark constituted indicative evidence, they could not be evaluated as anything more than that and certainly could not be considered to be binding precedent for the acceptance of the identical mark by OHIM.

With regard to the evidence on prior use submitted by the applicant, the CFI agreed with the examiner that scattered evidence of use from Spain, Portugal, Sweden, and Belgium did not constitute use in a substantial part of the European Community,

\textsuperscript{267} CTM Application No. 003073715, filed February 27, 2003.
\textsuperscript{268} Decision of August 13, 2004.
\textsuperscript{269} Case R 0823/2004-2 (OHIM Second Board of Appeal, April 25, 2005).
\textsuperscript{270} Specifically, Golf USA alleged that OHIM had infringed Article 14 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.
which would have supported the applicant’s claim of acquired distinctive character through use.

The Court suggested other types of evidence that, if submitted, might have led it to a different conclusion regarding acceptance of the applied-for mark:

- A European catalogue of the applicant’s products.
- Information stemming from opinion polls and statements from chambers of commerce regarding the recognizability of the particular mark.
- Investment data regarding advertising and promotional projects undertaken by the applicant for the mark, with emphasis on the extent of advertising and the length of time of the advertising campaigns.
- Proof of use extending beyond the use in one store in Portugal and two stores in Spain from January 1994 to January 1996 and from April 2003 to April 2004.

Bang & Olufsen A/S, a Danish company, filed an application for the registration of a three-dimensional mark (see below) as a CTM.273 The applicant sought protection for goods in Classes 9 and 20, among which were loudspeakers and music furniture. The OHIM examiner rejected the application pursuant to Article 7(1)(b) of the Community Trade Mark Regulation274 (CTM Regulation) on the grounds that (1) the mark in question consisted exclusively of the representation of a loudspeaker, and thus was devoid of any distinctive character, and (2) pursuant to Article 7(3) of the CTM Regulation, the evidence submitted by the applicant was not sufficient to demonstrate distinctiveness acquired through use.


The case was brought before the Board of Appeal, which rejected the applicant’s petition. The Board reasoned that the mark applied for was barred from registration pursuant to Article 7(1)(b) because it was devoid of any inherent distinctive character. While finding that the shape of the goods constituting the mark and reflecting essentially aesthetic requirements did have unusual features, the Board held that the applicant had not shown that the shape was distinctive and that it therefore performed a trade mark function from the target consumers' point of view.

Bang & Olufsen appealed against the decision before the CFI. The appellant observed, inter alia, that the Board of Appeal had not examined the claim for registration pursuant to Article 7(3) of the CTM Regulation. About two months after the appeal was lodged, the Board of Appeal corrected its decision by corrigendum. Conceding that it had erred in failing to examine the claim for registration pursuant to Article 7(3), the Board stated that the application for registration pursuant to Article 7(3) was also dismissed, on the ground that the body of evidence submitted by the applicant was not sufficient to demonstrate distinctiveness acquired through use.

During the proceedings before the CFI, Bang & Olufsen argued that (1) in this case the Board of Appeal applied a stricter standard than that used for other types of trade marks; (2) the appearance of the loudspeaker in question was dictated by aesthetic considerations, and the consumer would perceive its overall appearance as a distinctive indicator of the commercial origin of the covered products; (3) the shape in question was not an ordinary or common one, and thus was inherently distinctive; and (4) the applicant’s products were top-of-the-range, they were marketed through a selective distribution system, and the target group was restricted to well-informed and quality-minded consumers.

OHIM stressed that Article 7(1)(e)(iii) of the CTM Regulation excludes from registration as a trade mark those shapes that add substantial value to the goods, with the aim of drawing a line between trade marks and designs. In some cases, the shape of a product, even if it is aesthetically inspired, does not add substantial value to the product; nevertheless, it can be distinctive, and protected as a trade mark, if it is significantly different from the shapes commonly used in trade. Thus, OHIM asked the Court to determine whether a shape that is essentially inspired by aesthetic considerations but that does not add substantial value to the goods within the meaning of Article 7(1)(e)(iii) and differs significantly from a shape commonly used in trade can perform a trade mark function.

OHIM further pointed out that when assessing the distinctiveness of a given mark it could not take into account the way that the applicant would use it, or of other circumstances such as marketing concepts. Consequently, it considered that Bang & Olufsen’s argument was irrelevant.

The CFI annulled the decision of the Board of Appeal and held that the trade mark in question should be accepted for registration.276

The Court held that the distinctive character of the trade mark must be assessed in relation to the perception of the average consumer who exhibits a particularly high level of attention when he prepares and makes his choice between different goods in the category concerned. It further stressed that average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and that it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark. The CFI concluded that only a mark that departs significantly from the norm or customs of the sector and thereby fulfills its essential function of indicating origin is not devoid of distinctive character for the purposes of Article 7(1)(b) of the CTM Regulation.

Upon examination of the mark in question, the Court held that the shape of the mark was truly specific and could not be considered to be altogether common. The Court found that the whole of it created a striking design that was remembered easily. It further found that the mark departed significantly from the customs of the sector, as it had characteristics that were sufficiently specific and arbitrary to retain the attention of the average consumer.

The CFI therefore concluded that the Board of Appeal had misconstrued the wording of Article 7(1)(b). Accordingly, it ruled that the contested decision should be annulled.

I.D.1. Similarity of Marks

The U.S. company Nars Cosmetics, Inc. filed a CTM application for the mark NARS, to cover various goods in Classes 3 and 18 and clothing, footwear, and headgear in Class 25 (below, illustration at left).277


277. CTM Application No. 001333657, filed October 4, 1999.
The German company Quelle AG filed an opposition against the application based on its prior German trade mark registrations for the figurative mark MARS, covering “footwear, in particular sports footwear” in Class 25 and “sportswear” in the same class (below, illustration at right). Quelle directed its opposition against goods in Class 25 and invoked likelihood of confusion of the mark applied for with its MARS trade marks pursuant to Article 8(1)(b) of the CTM Regulation.

![NARS](image1)

Applicant’s Mark

![MARS](image2)

Opponent’s Mark

The OHIM Opposition Division rejected the opposition on the ground that the evidence submitted by the opponent was insufficient to prove that the earlier trade marks were genuinely used in Germany. The Opposition Division did not examine the opposition as far as the assessment of likelihood of confusion was concerned. Quelle filed recourse against the above decision before the OHIM Board of Appeal.

The Board of Appeal annulled the decision of the Opposition Division, finding that Quelle had failed to prove that its trade marks were put to genuine use. Further examining the likelihood of confusion, it found that there was considerable conceptual and visual difference between the marks under comparison. Regarding phonetic similarity, the Board held that confusion was highly unlikely because it was not common practice for consumers to order clothing and footwear orally without having a chance to perceive trade marks visually. Therefore, the Board of Appeal rejected the opposition.

Quelle brought the case before the CFI, which upheld the Board’s decision. The Court determined that there was some aural similarity between the contested mark and the earlier-registered ones. It held that the most significant parts of the word

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279. Registration No. 926 493, granted January 8, 1975.
281. Decision No. 1138/2004 (OHIM Opposition Division, April 6, 2004).
elements of the marks under comparison were their common letters A, R, and S and that the differences in the pronunciation of the first letters were not sufficient to counteract the overall similarity.

However, the Court also held that despite the fact that three of their four letters were identical, the marks exhibited clear visual differences. The graphic element of the opposing marks was dominant by virtue of its size and color. The word MARS, although stylized, appeared only as a caption referring to that graphic element, whereas the applied-for mark consisted only of the word NARS represented in a stylized manner.

The Court further held that the opponent’s marks clearly referred to the idea of the planet Mars and were understood as such by the relevant public, whereas the word NARS of the contested mark suggested a name or a fantasy word and had no meaning. Therefore, the CFI concluded that there was conceptual dissimilarity between the marks under comparison.

In the global assessment of a likelihood of confusion, the visual, aural, or conceptual aspects of the opposing marks do not, said the Court, always have the same weight. The extent of the similarity or difference between the marks may depend on the inherent qualities of the marks or the conditions under which the goods or services they cover are marketed. Consumers perceive visually the mark designating goods such as those at issue in this case. Although Quelle stated that it was a mail order company, it did not mention that its goods were sold outside normal distribution channels for clothing and shoes (shops), or without a visual assessment of them by the relevant consumer. The visual perception of the marks will, in general, take place prior to purchase.

Finally, the Court held that the mere phonetic similarity of the opposing marks did not support the conclusion that there was a likelihood of confusion. This was particularly the case where, as here, the conceptual differences that distinguished the marks might be such as to counteract to a large extent the visual and aural similarities between them, provided at least one of the marks at issue had a clear and specific meaning so that the public was capable of grasping it immediately and the other mark had no such meaning or an entirely different one.

Bodegas Franco-Españolas, SA, a Spanish company, filed an application for the registration as a CTM of the word mark ROYAL, to cover wine from La Rioja in Class 33.

The Portuguese company Companhia Geral da Agricultura das Vinhas do Alto Duro, SA filed an opposition, based on its prior

trade mark registrations for the following: (1) Portuguese figurative mark ROYAL BRANDE, covering brandy in Class 33 (below, illustration at left);285, (2) CTM ROYAL FEITORIA (word mark), covering port wine in Class 33; 286 and (3) international figurative mark ROYAL OPORTO WINE COMPANY, with effect in Germany, Austria, France, Italy, Spain, and Benelux, covering beers in Class 32 and wines, sparkling wines, ciders, alcohols, brandies, and liquors in Class 33 (below, illustration at right).287

The opponent invoked risk of confusion of the applicant’s mark and its marks pursuant to Article 8(1)(a)(b) of the CTM Regulation.

Reg. No. 122 170 Reg. No. 174 788

The OHIM Opposition Division upheld the opposition, finding that there was a likelihood of confusion between the applied-for mark ROYAL and the prior-registered CTM ROYAL FEITORIA.288

Upon recourse filed by the applicant, the Board of Appeal dismissed the appeal on the grounds that the respondent’s trade mark ROYAL FEITORIA included the whole of the appellant’s mark and that the appellant failed to show—at least in Portugal—that the word ROYAL was entirely devoid of distinctive character for wine.289 It further concluded that the two marks would be perceived by the relevant consumers in Portugal as belonging to a family of marks owned by the same trader, where the house mark would be embodied by the ROYAL element.

Bodegas Franco-Españolas appealed before the CFI against the Board’s decision.

The CFI reversed the decision of the Board of Appeal and accepted the mark ROYAL for registration.290

According to the Court, although the goods in question pertain to the same category of alcoholic beverages, are distributed through the same market channels, and are sold by the same stores, they are not identical, and they are clearly distinguished from each other as to their origin, their nature, their destination, and their different use. The Court explained that (1) rioja wine is drunk principally during the meal, whereas port wine is drunk as an aperitif or a digestive; and (2) port has an alcohol content of 19 to 22 degrees, it has been known for centuries, and it is produced in the limited area of the valley of Douro in Portugal, whereas rioja has a lower alcohol content, is equally well known, is produced in the Spanish area of Rioja, and belongs to a category of wines the fermentation of which is complete without the addition of alcohol. According to the Court, the average consumer in Portugal and in the whole European Community as well would consider port and rioja to have a low level of similarity.

Upon examining the similarity of the marks under comparison, the CFI found that the word ROYAL had a low distinctive character and, thus, the word FEITORIA of the earlier-registered mark was sufficient to differentiate the marks both aurally and visually.

The Spanish company SIGLA SA filed an opposition against the CTM application for VIPS filed by the Dutch company Elleni Holding BV.

The opposition was upheld with regard to services in Class 42 (“computer programming relating to hotel services, restaurants, cafés”), the OHIM Opposition Division finding the opposed mark to be confusingly similar to the opponent’s identical trade mark VIPS, registered for “services in procuring food and drink prepared for consumption; restaurants; self-service restaurants, canteens, bars, cafeterias; [and] hotel services” in Class 42.

On appeal filed by the applicant, the Board of Appeal decided, primarily on the basis of a technicality, to uphold the appeal and dismiss the opposition. The Board stated that although the fame of the opponent’s mark was proven to its satisfaction, the same could not be said for the grounds on which the mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or reputation of the earlier mark.

Another technicality that was emphasized by the Board of Appeal as being crucial to its decision was the mere fact that the Board refused to examine the likelihood-of-confusion aspect of the

294. Case R 1127/2000-3 (OHIM Third Board of Appeal, April 1, 2003).
matter, on the basis that the applicant’s appeal did not include a reference to the particular ground and therefore the opponent was precluded from elaborating on the particular issue with its written arguments. The Board therefore considered that the likelihood-of-confusion issue could not come into play unless the applicant had filed a separate appeal for the particular ground.

The CFI went far beyond the technicalities of the matter and decided the case essentially on its substantive merits.

With regard to the issue of dilution, the Court acknowledged that the term VIPS was the plural for a term quite commonly used internationally as the abbreviation of the phrase “very important people.” As such, the dilution argument was deemed to be essentially inapplicable for such a commonly used term or mark.

Concerning tarnishment, the Court agreed with the Board’s finding that the goods covered by the applied-for mark did not per se qualify as having characteristics or qualities that were potentially detrimental to the opposing mark.

Nevertheless, precisely because the Board of Appeal intentionally refrained from examining the likelihood-of-confusion aspect on the basis of a mere technicality, the Court was quite strict in its criticism. Calling the particular failure an adoption of “false premises” and reversing the Board’s decision, it set an interesting precedent for the future.295

House of Donuts International, a Cayman Islands company, applied for the registration as CTMs of the word and design marks HOUSE OF DONUTS296 and HOUSE OF DONUTS—THE FINEST AMERICAN PASTRIES,297 for goods in Classes 30 and 32 and services in Class 42 (below, illustrations at top). Panrico, SA, a Spanish company, filed an opposition,298 based on its prior-registered group of Spanish word and figurative trade marks incorporating the word DONUT or DONUTS and covering goods and services in the same classes as those designated in the applications (below, illustrations at bottom).299

OHIM allowed Panrico’s oppositions and rejected the applications, on the ground that registration of the applied-for

296. CTM Application No. 000474486, filed February 27, 1997.
299. Registration No. 000643273, filed September 30, 1972; Registration No. 001582809, filed December 5, 1991.
marks would create a likelihood of confusion of Spanish consumers.\textsuperscript{300} House of Donuts appealed.

The OHIM Board of Appeal dismissed the appeals on likelihood-of-confusion grounds. It found that there was an overall similarity between the marks at issue and that, moreover, the opposing marks were distinctive.\textsuperscript{301}

On further appeal before the CFI, the applicant argued that the word DONUTS had become a generic term in Spain as a result of extensive online and dictionary use of the word DONUTS, etc. The CFI rejected this argument on the ground that it was based on circumstantial evidence that was deemed to be inadmissible, irrelevant, and of no real probative value. In particular, the inclusion of the term “donuts” in the Spanish-German and Spanish-English dictionaries consulted, as well as the Internet search for the terms “donuts” and “Spain,” were deemed insufficient proof of the alleged generic nature of the word “donuts” in Spain.

In terms of examining the trade mark applications in their entirety, the Court determined that the peripheral elements of the marks sought to be registered were not significant enough to qualify as distinctive, and therefore the dominant part of both was the word DONUTS. As that part was identical to the cited Spanish trade marks, the CFI dismissed the appeal on the ground that the applied-for marks gave rise to a likelihood of confusion.\textsuperscript{302}

\textsuperscript{300} OHIM Opposition Division, October 25, 2001.

\textsuperscript{301} Cases R 1034/2001-4 and R 1036/2001-4 (OHIM Fourth Board of Appeal, May 12, 2004).

\textsuperscript{302} House of Donuts International v. OHIM, Joined Cases T-333/04 and T-334/04 (CFI, Fourth Chamber, April 18, 2007), available at http://curia.europa.eu/jurisp/cgi-bin/form.pl?
Alcon Pharmaceuticals, Ltd., a Swiss company, filed an application for the registration as a CTM of the word mark TRAVATAN, to cover “ophthalmic pharmaceutical products” in Class 5.\footnote{303}

Biofarma SA, a French company, filed an opposition under Article 42 of the CTM Regulation against the applied-for mark,\footnote{304} based on its prior Italian trade mark registration for the word mark TRIVASTAN, covering “pharmaceutical, veterinary and hygienic preparations, dietetic products for children or patients, plasters, materials for dressings, material for stopping teeth and dental wax, disinfectants, herbicides and preparations for destroying vermin” in Class 5.\footnote{305}

The OHIM Opposition Division accepted the opposition on the ground that there was a likelihood of confusion between the marks at issue, including the likelihood of association of the applicant’s mark with the earlier mark in Italy, as the trade marks were visually and aurally similar and there was a degree of similarity between the goods concerned.\footnote{306}

Alcon filed an appeal against the above decision before the Board of Appeal, which upheld the decision of the Opposition Division, adopting in substance the grounds thereof.\footnote{307}

The case was then brought before the CFI, which upheld the decision of the Board of Appeal.\footnote{308}

The applicant lodged an appeal before the European Court of Justice (ECJ). Alcon argued that the CFI had erred in its interpretation of the word “public” by taking into account end users for assessing the likelihood of confusion, whereas, according to Alcon, it should have restricted the definition of the public solely to healthcare professionals, namely doctors and pharmacists.

The ECJ held that the fact that intermediaries such as healthcare professionals are liable to influence or even to determine the choice made by the end users was not in itself capable of excluding all likelihood of confusion on the part of those consumers with regard to the origin of the goods at issue. The
Court further held that the whole process of marketing the goods at issue has the purpose of attracting end users in acquiring them and that the CFI was entitled to hold that the role of the prior intervention of intermediaries, even if they were healthcare professionals, had in part to be balanced against the high degree of attentiveness that could be shown by said users and against their ability to make those professionals take into account their requirements or preferences. Therefore, the ECJ dismissed the appeal.\(^{309}\)

This decision is significant in that it determines the meaning of the “relevant public” upon assessing the similarity of marks covering pharmaceuticals.

The Portuguese company Worldgem Brands – Gestão e Investimentos Lda (formerly Cielo Brands – Gestão e Investimentos Lda) filed a CTM application for the word mark NIMEI LA PERLA MODERN CLASSIC, to cover “jewelry, gold articles, watches, precious metals, pearls, precious stones” in Class 14.\(^{310}\) The mark proceeded to registration.\(^{311}\)

The Italian company Gruppo La Perla SpA filed an application for the cancellation of said mark, based on its prior Italian trade mark registrations for the following: (1) figurative mark LA PERLA, covering goods in Class 25 (below, illustration at left);\(^ {312}\) (2) word mark LA PERLA PARFUMS, covering goods in Class 3;\(^ {313}\) and (3) figurative mark LA PERLA, covering goods in Classes 3, 9, 16, 18, 24, 25, and 35 and jewelry and watches in Class 14 (below, illustration at right).\(^ {314}\) The claimant also referenced two Italian trade mark applications for the registration of the figurative mark LA PERLA, to cover goods in Class 3.\(^ {315}\)

Petitioner’s Reg. No. 769 526

Petitioner’s Reg. No. 804 082


\(^{310}\) CTM Application No. 000713446, filed December 30, 1997.

\(^{311}\) Registration No. 713 446, granted July 21, 1999.

\(^{312}\) Registration No. 769 526, granted March 20, 1996.

\(^{313}\) Registration No. 776 082, granted October 9, 1996.

\(^{314}\) Registration No. 804 082, granted October 8, 1997.

\(^{315}\) Filed October 11, 2000, and June 11, 2002, respectively.
Gruppo La Perla also based its application on the worldwide reputation of its trade mark LA PERLA, acquired as a result of the high quality of its products. It produced a significant volume of evidence to support this allegation.

The OHIM Cancellation Division found that there were similarities between the marks under comparison and that the LA PERLA trade marks were well known. Therefore, it annulled the contested trade mark on the ground that it took unlawful advantage of the notoriety of the trade marks LA PERLA.316 Worldgem appealed the decision.

The OHIM Board of Appeal reversed the decision of the Cancellation Division, on the ground that there was not sufficient similarity between the marks under comparison to pose a risk of confusion of consumers.317

Upon appeal filed by Gruppo La Perla, the CFI overturned the Board of Appeal’s decision.318 The Court accepted the reputation of the earlier-registered LA PERLA trade marks and examined the similarity between them and the contested trade mark NIMEI LA PERLA MODERN CLASSIC. It found that the dominating feature of the earlier marks was the word portion LA PERLA, which was included in its entirety in the contested mark. The Court held that LA PERLA had a meaning (pearl), whereas the word NIMEI was a word of fantasy and had no significant meaning in Italian; the words MODERN and CLASSIC were descriptive. Therefore, the existence of the words NIMEI, MODERN, and CLASSIC in the contested mark was not sufficient to differentiate it from the LA PERLA marks. In view of the fact that the marks under comparison covered similar goods that were distributed through the same marketing channels, the Court held that the Board of Appeal had erred in finding that said marks were not similar. Consequently, it ruled that the trade mark NIMEI LA PERLA MODERN CLASSIC should be annulled.

The Spanish company Aceites del Sur SA’s CTM application for LA ESPAÑOLA & Device319 (below, illustration at left), covering edible oils and fats in Class 29, was opposed by the Spanish company Aceites Carbonnell (now Koipe Corporación SL). The opposition was based on a number of previous Spanish,

316. Case 397C 000713446/1 (OHIM Cancellation Division, May 4, 2004).
319. CTM Application No. 000236588, filed April 23, 1996.
Community, and national trade mark registrations for CARBONELL & Device (below, illustration at right), covering olive oil in Class 29.

At first instance, the opposition was rejected, on the grounds that (1) the marks at issue produced a different overall visual impression, (2) from a phonetic point of view they had no similar elements, and (3) the conceptual link between the agricultural nature and the origin of the goods was weak. Therefore, the OHIM Opposition Division held that any likelihood of confusion between the marks was excluded.

On appeal by the applicant, the OHIM Board of Appeal affirmed the earlier decision dismissing the opposition.

When the matter was brought before the CFI, the Court, in analyzing the issue of the figurative elements of the respective marks, made some very interesting points.

First, it clarified that the distinctiveness of each device used should not be judged from the point of view of whether the particular devices are commonly used in the market for similar products, but instead from the point of view of their descriptiveness or reference to the product they cover.

The CFI concluded that the conceptual association the particular devices elicited in the consuming public was not the commercial origin of the product (olive oil) but, instead, the natural and traditional manner in which the product was processed. Such a conclusion was not reached by dissecting a device into the different figurative elements of which it was composed, but by examining the device in its entirety and in relation to the goods to which it might be deemed to refer, in relation to the goods covered by the trade mark itself.

320. CTM Registration No. 000338681, filed January 24, 2000.
Moreover, the Court emphasized the weak distinctive character of the verbal element of the opposed mark, that is, the words LA ESPANOLA, which it deemed to be a geographical reference of origin. This finding, coupled with the overall similarity of the device of the opposed mark with the device of the opposing mark, convinced the Court that the likelihood of confusion between the respective marks was significant. Therefore, the CFI upheld the opposition and reversed the Board of Appeal’s decision to the contrary.\footnote{Koipe Corporación SL v. OHIM, Case T-363/04 (CFI, First Chamber, September 12, 2007), available at http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&Submit=Rechercher&alldocs=alldocs&docj=docj&docop=docop&docor=docor&docjo=docjo&numaff=T-363/04&datefs=&datefe=&nomusuel=&domaine=&mots=&resmax=100.}

In a conflict that arose between the U.S. company La Mer Technology, Inc. and the French company Laboratoires Goëmar with regard to the former’s CTM application for the word mark LA MER,\footnote{CTM Application No. 000140368, filed April 1, 1996.} the CFI ruled in favor of the French company.\footnote{La Mer Technology, Inc. v. OHIM, Case T-418/03 (CFI, Fifth Chamber, September 27, 2007), available at http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&Submit=325.}

Laboratoires Goëmar filed an opposition\footnote{Opposition No. B 31999, filed April 8, 1998.} against La Mer’s application on the basis of its prior-registered trade mark LABORATOIRES DE LA MER. The goods covered by the marks at issue were virtually identical, essentially covering cosmetics and toiletries. The CFI, affirming the findings of the Opposition Division\footnote{Decision No. 1177/2000 (OHIM Opposition Division, May 31, 2000).} and the Board of Appeal,\footnote{Case No. R 814/2000-2 (OHIM Second Board of Appeal, October 23, 2003).} determined that the marks were sufficiently similar to give rise to consumer confusion.

The significance of the decision lies in the Court’s lenient acceptance of evidence concerning the opponent’s genuine use of its mark—in particular, pursuant to a relevant objection filed by the applicant that alleged lack of genuine use of the opponent’s mark in the crucial period, namely January 12, 1993, to January 11, 1998. The CFI asserted that its own decisions, as well as the European Court of Justice’s case law, clearly indicated that “the fact that the commercial volume achieved under the mark was not high may be offset by the fact that use of the mark was extensive or very regular, and vice versa.”\footnote{La Mer Technology, Inc. v. OHIM, supra note 325, para. 57.} As such, the Court was not interested in the volume of sales, traditionally viewed by courts as a key factor in determining substantive or genuine use. Instead, it concluded that “even minimal use can be sufficient to be deemed
genuine, provided that it is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.”

With regard to the similarity of the verbal elements of the respective marks, the Court was satisfied that the word LABORATOIRE was not sufficient to differentiate the marks, as the average consumer would easily perceive such a term, especially when used in connection with cosmetics, as a mere indicator of where the particular cosmetics were produced. In light of the above assessment, the CFI considered that in reality the marks were virtually identical, as the term LABORATOIRE DE was effectively nonexistent in terms of distinctiveness.

It is noteworthy that the fact that the company name of the applicant was the same as the mark applied for (LA MER) was not considered important.

CZECH REPUBLIC

I.B.1. Generic

An application for registration of the trademark READY-MADE was rejected by the Industrial Property Office on grounds of lack of distinctiveness. The Office found that READY-MADE was a descriptive and laudatory mark commonly used in the course of trade.

On appeal, the applicant claimed that at the time of first use of its mark, the term READY-MADE was entirely new and unknown in the Czech Republic, even among experts in the field of services for which registration was sought. The applicant argued that extensive knowledge of the term in other countries did not influence its distinctiveness in the Czech market, as trademark protection is governed by the territoriality principle, under which protection is limited to the country where the mark is registered.

The Appeals Panel of the Industrial Property Office affirmed the decision at first instance, holding that the relevant consumer public would not be able to determine the source of services provided under the mark and that READY-MADE was a term commonly used in business. The panel held, further, that even if the term was entirely new and unknown to the public at the time use commenced, the mark had become generic during the time it took the applicant to file for trademark protection.

330. Id. (citations omitted).

I.I. Licensing

The Industrial Property Office refused an opposition against registration of the trademark TOMI BUBLE, which was based on the existence of the prior-registered trademarks Mc BUBBLE, BUBLI-BUM, PI PI BUBBLE, BUBBLE PARTY, and ROBBY BUBBLE and on the ground of bad faith.

The trademarks Mc BUBBLE, BUBLI-BUM, PI PI BUBBLE, and BUBBLE PARTY were not sufficiently similar to the applied-for mark from a visual and phonetic point of view to create a risk of confusion. Moreover, the ROBBY BUBBLE mark could not be taken into consideration because the opponent was only a licensee for the trademark, not the owner. The Office ruled that an opposition based on earlier-acquired trademark rights could be filed only by the owner of the earlier trademark. With respect to the other basis for the opposition, it held that an application could not be considered as having been filed in bad faith if the applied-for mark did not conflict with any earlier-acquired rights.332

On the opponent’s appeal, the Appeals Panel of the Industrial Property Office confirmed the first instance decision.

II.D.4. Violating Public Order

Registration of the trademark PROBIO-FIX was refused by the Industrial Property Office with respect to goods in Class 30. The Office ruled that the word element BIO could be used for such goods only in compliance with the Act on Ecological Farming (AEF), that is, upon issuance of a certificate for bio-foods.

The applicant appealed the first instance decision. It contended that it was not within the Office’s competence to rule on fulfillment of the provisions of the AEF. It argued, further, that the AEF regulated the use of the prefix BIO and not the prefix PROBIO.

The Appeals Panel found that even though PROBIO was not identical to BIO, the use of which is regulated by the AEF, there was still a danger that the public could associate goods bearing the applied-for mark with bio-foods. Therefore, the panel rejected the appeal and confirmed the Industrial Property Office’s partial refusal of the trademark application.333

II.D.5. Official Name

The Industrial Property Office rejected the trademark application for ROZHODČÍ SOUD ČESKÉ REPUBLIKY—arbitráž (“ARBITRATION COURT OF THE CZECH REPUBLIC—

arbitration”). It ruled that the average consumer associated the word “court” with a body endowed with judging competence and the phrase “arbitration court” with a legal body settling disputes by independent arbitrators. The applicant, however, was a legal entity without any judging competence, and only organized seminars and panels for arbitration.

On appeal, the applicant argued that legal entities whose name includes the words “arbitration court” have been commonly registered by the Czech Companies Register, which would not be possible if their names were deceptive. It argued, further, that the word COURT included in the applied-for mark did not refer to a state body when used in the phrase ARBITRATION COURT. The applicant contended that as it provided administrative support to independent arbitrators as part of its activities, the mark could not deceive the public.

The Office’s Appeals Panel upheld the decision at first instance. According to the Czech Arbitration Act, a permanent court of arbitration may be established only by an Act of Parliament. As the applicant was not a permanent court of arbitration, the panel found that the phrase “arbitration court” was deceptive. Additionally, the use of the phrase ČESKÉ REPUBLIKY (“OF THE CZECH REPUBLIC”) was also found to be deceptive, as it raised an association with an official state body of the Czech Republic.

III.E.3. Declaration of Invalidity

A motion to invalidate the Czech national trademark ANDEL was granted by the Industrial Property Office based on the fact that ten trademarks that included the word ANDEL existed at the time the contested trademark was registered.

The motion was grounded on Article 32, Section (1) of the Czech Trademark Act, under which a trademark registered in conflict with Article 4 or 6 of the Act (absolute grounds check) will be declared invalid. Article 6 bars the inclusion in the Trademark Register of marks that are identical to earlier trademarks. However, the Office held that Article 22, Section (2) of the Act, which provides that an applied-for mark that includes elements of an earlier trademark will be rejected if the presence of these identical elements could lead to confusion, was also applicable.

On appeal, the trademark owner argued that Article 22, Section (2) was not applicable in cancellation proceedings as there

was no reference to it in Article 32, Section (1). The Appeals Panel of the Industrial Property Office rejected the appeal. It ruled that a trademark could be declared invalid on the basis of a motion by a third party only if it conflicted with identical prior-registered trademarks. Only the owner of the earlier trademarks could raise the existence of those trademarks in a cancellation proceeding.

DENMARK

I.F. Famous and Well-Known Marks

Two recent decisions granted extended protection to famous device marks.

In Rolls Royce PLC & Rolls-Royce Motor Cars Ltd. v. PR Chokolade A/S,337 the ROLLS ROYCE device mark (below, illustration at left) was held to be well known and entitled to extended protection despite, or perhaps because of, negligible sales of the product in Denmark. The plaintiffs had used the mark since 1904 and had it registered both in Denmark and as a Community trade mark. The defendant used a similar device mark (below, illustration at right) for chocolate. The defendant’s mark was constructed similarly to the plaintiffs’ mark, with the words BELGISK CHOKOLADE (“Belgian chocolate”) placed equivalent to the position of the words ROLLS ROYCE and the overlapping letters PR in place of RR.

The Copenhagen Maritime and Commercial Court determined that the plaintiffs’ device mark was well known in Denmark and that a very distinctive aura of prestige, luxury, and quality was connected with the mark. It held that the defendant’s use of a similar mark for chocolate took unfair advantage of this famous mark. Accordingly, the Court awarded the plaintiffs DKK 250,000 (about US $50,000) in compensation, expressly in light of the fact that the success of the defendant’s business was due to the fact that the defendant could convey to its clients the prestige, luxury, and quality associated with the plaintiffs’ trademark.

The Danish Supreme Court ruled that FISHERMAN’S FRIEND was a well-known mark for throat lozenges and was infringed by use of the name FISHERMAN with a similar trade dress for vodka shots. Lofthouse of Fleetwood Ltd. had sold FISHERMAN’S FRIEND throat lozenges in Denmark since 1977. The name was registered as a trademark for nonmedical confectionery in 1989. In 1999, the packaging of the mints was registered as a three-dimensional trade dress. The original packaging (below, illustration at left) featured a drawing of a fishing vessel and was printed in red, white, and black.

In 2001, Nortlander A/S started production of vodka shots with a flavour of liquorice and menthol. The product was sold in bottles with a label that showed a sketch of a fisherman and that was printed in red, white, and black (below, illustration at right). The Copenhagen Maritime and Commercial Court held that Lofthousie’s mark was not well known and that, accordingly, there was no trademark infringement (i.e., no similarity of goods). It did, though, find that that Nortlander’s label was in contravention of Section 1 of the Danish Marketing Practices Act (unfair competition legislation), and held that Nortlander should pay DKK 30,000 (about US $6,000) in damages for disruption of the market. Nortlander appealed, and Lofthouse maintained its original claims.
On appeal, the Danish Supreme Court reversed the Maritime and Commercial Court’s decision as regards the trademark infringement. It found, first, that Lofthouse's mark was well known, and, second, that in Denmark vodka shots commonly were linked with specific sweets, mints, or throat lozenges. In light of this, the Supreme Court found it likely that consumers would connect Nortlander's vodka shots with Lofthouse's throat lozenges, as FISHERMAN was the dominating element of the trademark FISHERMAN'S FRIEND.

The Supreme Court held that Nortlander had taken unfair advantage of the goodwill connected with Lofthouse's mark. In addition, it found that for Lofthouse to be associated with alcohol would damage the company's reputation, as throat lozenges often were promoted at sports events. Accordingly, Nortlander was enjoined from using the label and ordered to pay DKK 500,000 (about US $100,000) in compensation and damages for market disturbance.338

III.A.5. Domain Names

The effectiveness of the Danish Domain Names Act339 was shown the case of ups.dk. Plaintiff United Parcel Service of America Inc. had registered rights in the trademark UPS in Denmark since 1976 and had used the mark since at least 1986 for transportation and courier services. In 1999, defendant Data4u registered the Danish domain name ups.dk, along with about 200 other domain names, many of which incorporated the trademarks of others. The defendant explained that it had originally registered the domain name with the intention of starting a business involving the production and sale of backup power units (commonly known as uninterruptible power supply); however, it had never taken any steps to establish the company and had never used the domain name. The lower court found that there was no similarity between the defendant's backup power units and the plaintiff's services, and consequently it held that there was no trademark infringement.

The Danish Supreme Court reversed. It found, first, that the defendant, which had not used the domain name for seven years, had no credible interest in upholding it. The plaintiff, on the other hand, had an obvious need to use the domain name in its business.

The Supreme Court ruled that the lower court's upholding of the defendant's refusal to transfer the domain name ups.dk was inconsistent with proper practices in domain name matters and

339. Act No. 598 of June 24, 2005, concerning Internet domain names that are delegated specifically to Denmark
contravened the provisions on proper business practices in the Danish unfair competition legislation. Accordingly, it ordered that the domain name be transferred to the plaintiff. 340

DOMINICAN REPUBLIC

III.F.1. Non-Use

Cemex Colombia, S.A. filed a cancellation action based on non-use against the trademark CEMENTO DIAMANTE, registered in the name of Inversiones Duala, S.A., for products in Class 19.

The National Office on Industrial Property341 resolved the case on the basis of Article 6bis of the Paris Convention; and Articles 93, 94, and 96 of the Industrial Property Law;342 and the results of an inspection of use carried out by the Office. It found that the defendant’s mark had not been used in national commerce for at least three consecutive years. Therefore, the Office sustained the action and held that the mark be cancelled.343

In Grupo Malla, S.A. v. Caribe Bakers, Inc.,344 the plaintiff filed a cancellation action for non-use against the defendant’s registered trademark ZAFARI, which covered products in Class 30.

Based on Articles 93, 94, and 95 of the Industrial Property Law and the results of its inspection of use, the National Office of Industrial Property determined that the defendant had not used its mark in national commerce for at least three consecutive years. Consequently, it cancelled the mark for non-use.

Vifor (International) Inc. filed an action for cancellation for non-use against the trademark VITANATAL, registered in the name of Redifar R. y Distribuidores Farmaceuticos and covering products in Class 5.

The National Office of Industrial Property resolved the case on the basis of Article 6bis of the Paris Convention; Articles 93, 94, and 96 of the Industrial Property Law; and its own inspection of use. The Office found that the defendant’s mark had not been used in commerce in the national market for at least three consecutive

341. The National Office of Industrial Property, the trademark and patent office of the Dominican Republic, is better known as ONAPI (Oficina Nacional de Propiedad Industrial).
years. Therefore, it sustained the action and ruled in favor of the mark’s cancellation.345

ECUADOR


Union de Artesanos de Paja Toquilla de Montecristi submitted a petition to declare protection for the MONTECRISTI appellation of origin, aiming at protecting toquilla (palmetto fiber) straw hats, known as “panama hats” in the international market because they were first commercialized through Panama.346 Montecristi is the name of a small town in the Province of Manabi, Ecuador.

According to the applicable law, that is, Decision 486,347 protection for an appellation of origin is to be declared upon request of those who demonstrate a legitimate interest—in other words, natural or juridical persons directly engaged in the extraction, production, or manufacturing of the product sought to be protected by such appellation of origin.348

The first opposition against the registration of the appellation of origin was filed by Corporacion de Habanos S.A., which alleged that MONTECRISTI did not correspond to any product and that the natural factors did not correspond to the designated location. In support of its opposition, Corporacion de Habanos invoked Decision 486, which provides that common or generic terms that distinguish a product cannot be declared appellations of origin349 and that in order for a geographical indication to be considered an appellation of origin, the quality, repute, or other characteristics of the product must be exclusively or extensively attributable to the geographic setting where it is produced, including natural and human factors.350

A second opposition was submitted by Rafael Paredes e Hijos Cia. Ltda., Serrano Hat Export Cia. Ltda., K. Dorfzaun Cia. Ltda., Homero Ortega P. e Hijos, Exportadora Avila Hnos., Garces Orbe Exportaciones Cia. Ltda., Centro Artesanal Chordeleg, and Mr. Jose Antonio Lojano Punin. All of these opponents asserted that (1) their companies were the country’s major producers and exporters of toquilla straw hats, which were manufactured in the

348. Decision 486, Article 203.
349. Id. Article 202, paragraph b).
350. Id. Article 201.
Province of Azuay, Ecuador, by artisans of the region, and that their products had spread the name of Ecuador throughout the world; (2) toquilla straw hats manufactured in Azuay were comparable to, and in some cases even superior to, those produced in Montecristi; and, ultimately, (3) although Montecristi was the name in connection with which toquilla straw hats were known locally and internationally, the hats were manufactured in different regions of the country.

A third opposition was filed by Elaborados del Café el Café S.A. on the basis of trademark rights over the MONTECRISTI trade name and trademark. The opponent also alleged that the name MONTECRISTI did not constitute an appellation of origin at all, as the qualities and characteristics that distinguish toquilla straw hats were attributable to the several geographical locations of Ecuador, where they are produced.

In answering the oppositions, Union de Artesanos de Paja Toquilla de Montecristi denied that the applied-for appellation of origin violated the applicable legal framework and that toquilla straw hats manufactured in Azuay were different from those manufactured in Montecristi. It argued that the objective of seeking a declaration of protection for the MONTECRISTI appellation of origin was to protect producers, weavers, and sellers of toquilla straw hats, which did not imply appropriation of the word MONTECRISTI.

The Ecuadorian Intellectual Property Office (IEPI) conducted a physical inspection of toquilla straw plantations in Montecristi and of handicraft shops at that location in order to verify the natural and human factors involved in the manufacturing process of toquilla straw hats. Once the inspection was completed, IEPI issued a resolution, which can be summarized as follows:

- The oppositions did not show any breach of the conditions for appellation of origin declaration, and from the inspections it could be concluded that MONTECRISTI met the conditions for recognition as an appellation of origin.
- With respect to the conflict between trademarks and geographical indications, the IEPI stated that geographical indications and marks were different juridical categories of distinctive signs; therefore, it declared MONTECRISTI to be a geographical indication for toquilla straw hats.

This case is important because it is the first declaration of an appellation of origin in Ecuador and because it provides guidelines for resolving conflicts between trademarks and geographical indications of origin.
III.F.4. Nullification

Consorcio Ecuatoriano de Telecomunicaciones S.A. – Conecel was the owner of the trademark PCS, registered to protect all services included in Class 38.\textsuperscript{351}

Telecomunicaciones Móviles del Ecuador – Telecsa S.A. brought a nullity proceeding before the IEPI against the registration of the mark.\textsuperscript{352} It alleged that, in the telecommunications industry, the term PCS was a generic term technically used to describe a form of communication in wireless communications services that means “personal communication services.”

The Intellectual Property Committee, the highest administrative stage at the IEPI, accepted the proceeding instituted by Telecomunicaciones Móviles del Ecuador – Telecsa S.A. and declared the nullity of the trademark registration for PSC. It held that the term PCS was generic; therefore, it could be used by any person, and a declaration of exclusive rights over the term was not possible.

Electronic means were used to verify the generic nature of the term PCS, and multiple references to this term were found within the communications field.

Consorcio Ecuatoriano de Telecomunicaciones S.A. – Conecel, in an attempt to have the Intellectual Property Committee revoke its nullity resolution, filed a reconsideration motion.\textsuperscript{353} It claimed a lack of appraisal of the evidence filed, which consisted mainly of trademark registrations that included the term PSC.

The Intellectual Property Committee rejected the filed recourse and confirmed the nullity of the trademark registration for PSC. It considered that the petitioner failed to evidence that the term PCS was not generic.

This resolution can be judicially appealed, but its effects will not be suspended.

This decision is significant, as it is one of the first in which the nullity of a registered trademark was administratively declared based on the declaration of its generic nature.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{351} Registration No. 7852, filed June 23, 2003.
\item \textsuperscript{352} Proceeding No. 04-286 RVM, Intellectual Property Committee, IEPI, filed July 16, 2004.
\item \textsuperscript{353} Proceeding No. 04-286 RVM, Intellectual Property Committee, IEPI, filed August 26, 2006.
\end{itemize}
\end{footnotesize}
EL SALVADOR

I.F. Famous and Well-Known Marks

The Panamanian company Chemical & Glamour Inc. filed an application to register the mark FILA, for products in Class 3. The Intellectual Property Department denied registration on the ground that the FILA mark was not from Panama.

On appeal, the National Bureau of Registries revoked the denial of registration by the Intellectual Property Department because the applicant had subsequently added documents of assignment to the Italian company Fila Sport S.p.A., which owns the famous mark FILA worldwide.

Industrias Caricia S.A. de C.V., a Salvadoran company, filed a trademark application for JAGUAR & Design, to protect all goods in Class 25. The same company had the word mark JAGUAR registered since 1978 in El Salvador. The British company Jaguar Cars Limited filed opposition, and registration of the applied-for mark was denied by the Intellectual Property Department. The applicant appealed.

The National Bureau of Registries admitted the opposition and confirmed the Intellectual Property Department’s denial of registration. The grounds for the denial were that (1) the JAGUAR trademark was notorious and famous worldwide and (2) the application mentioned that the mark was from El Salvador and not the United Kingdom.

The Salvadoran company Asesores de Retaurantes S.A. de C.V. filed an application to register the trade name Friday’s, to identify a restaurant. The U.S. company T.G.I. Friday’s Inc., owner of the registered trademark FRIDAY’S, opposed the application. Registration was denied by the Intellectual Property Department.

On appeal by the applicant, the National Bureau of Registries admitted the opposition and confirmed the denial of registration by the Intellectual Property Department, on the grounds that

FRIDAY’S was a notorious and famous mark and that the application mentioned that the mark was from El Salvador and not the United States.363

ESTONIA

I.D.1. Similarity of Marks

Nike International Ltd, a U.S. company, filed an action against Linde OÜ, an Estonian company, seeking the annulment of Linde’s registered trademark SPIOONIKE & Design. Nike International claimed that the respondent’s mark should not have been registered because of its similarity to the complainant’s trademark NIKE.

The trademark SPIOONIKE consists in part of two words, SPI and NIKE, which can be translated as “Spy Nike.” Nike International asserted that the mark infringed its rights because consumers could associate the respondent’s mark with its trademark NIKE.

The Board of Appeal for Industrial Property analyzed whether there were bases for associating or confusing the two marks. Although the trademark SPIOONIKE can be divided into two parts, SPI and NIKE, which would make the marks seem very similar, the Board of Appeal took the position that the marks differed visually, phonetically, and semantically. Moreover, the SPIOONIKE trademark contains a humorous design, SPI + oo + NIKE, where “oo” is pictured as eyeglasses. Therefore, the Board of Appeal found it distinguishable from the NIKE trademark because consumers would also consider the “oo” figure and pronounce the mark SPI-OO-NI-KE, not SPI + NIKE.

In addition, in Estonian the ending “-ke” refers to the diminutive, so any word ending with the letter N—for example, rajoon, mission, or furgoon—could be made into a diminutive by the addition of “ike”; thus, for example, rajoonike, missionike, furgoonike. In this case, the respondent’s mark could be the diminutive form of the word “spoon.” For these reasons, the Board of Appeal rejected Nike International’s action against Linde OÜ.364

I.E. Bad Faith

In Eesti Roheline Liikumine v. Eesti Roheline Erakond & Eesti Roheline Partei,365 Eesti Roheline Liikumine (“Estonian Green

364. Nike International Ltd v. Linde OÜ, Case No. 554-o (Board of Appeal for Industrial Property, 31 July, 2007).
365. Case No. 993-0 (Estonian Board of Appeal, 30 April, 2007).
Movement”) filed an action to annul the trademark registration owned by Eesti Roheline Erakond and Eesti Roheline Partei (“Estonian Green Party”) on the ground that the mark was registered in bad faith.

The Board of Appeal for Industrial Property analyzed whether Eesti Roheline Liikumine and Eesti Roheline Erakond/Eesti Roheline Partei, when used as trademarks, could be easily confused and whether there were bases for annulment.

At first, the Board of Appeal explained the meaning and consequences of filing a trademark application in bad faith. Specifically, the complainant, Eesti Roheline Liikumine, claimed that it had an earlier-registered trademark than the respondent, Eesti Roheline Erakond/Eesti Roheline Partei. In the complainant’s opinion, the respondent sought registration for the purpose of hindering the complainant from becoming a political party by taking the name beforehand. The Board of Appeal considered the complainant’s allegations that the respondent was a member of another political party and had several times publicly expressed the ongoing conflict between itself and the complainant.

Although Estonian trademark law does not specifically address registration in bad faith, the Board of Appeal looks for guidance to existing practice in other European countries, where bad faith can be derived from the infringement of earlier trademark rights even if there is an absence of intention to use the mark in good faith. The complainant argued that the purpose of registering a trademark is to protect the owner’s rights, not to affect another’s rights. For these reasons, the Board of Appeal ruled in favor of Eesti Roheline Liikumine.

III.A.5. Domain Names

The Supreme Court of Estonia has decided the case of Gulf Ltd v. Gulf AS, which concerned the violation of the exclusive rights of the trademark owner. Gulf Ltd had demanded that that Gulf AS terminate its use of the trademark GULF & Design and remove it from its head office facade, motor vehicles, website, etc. In addition, it demanded that the defendant stop using the domain name gulfoil.ee and stop giving consumers and business partners the false impression that it was the legal importer of Gulf Ltd products or had any kind of partnership with Gulf Ltd.

First, the Supreme Court examined Gulf Ltd’s demand that Gulf AS terminate use of the trademark GULF as its business name. Although Estonian trademark law does not stipulate expressly the protection afforded a business name, it can be derived

366. Case No. 3-2-1-4-06 (Supreme Court, 30 March, 2006).
from commercial law, which forbids the registration of a business name that consists of any part of an already-protected trademark.

Second, the Supreme Court analyzed whether using Gulf AS goods in a commercial way could be interpreted as advertising Gulf AS products, and if so, whether that use would violate Gulf Ltd’s exclusive rights in the mark. According to the provisions of the Estonian Trademark Act, this kind of violation is not clearly established. That is why the highest court considered it necessary to examine the case law of the European Court of Justice (ECJ), as the ECJ has recognized this as an important violation of the exclusive rights of trademark owners. In advertising, the trademark is used in a way that could leave an impression of a commercial affiliation between seller and producer.367

Finally, the Court assessed the infringement of a trademark owner’s rights in terms of the domain name gulfoil.ee. The panel raised the issue that, as a law addressing the protection of a domain name as a trademark has yet to be enacted in Estonia, the Court would need to base its decision on the application of international law to the extent that it was consistent with Estonian law. As a domain name is not just an Internet address but also a reference to an entity’s owner, it may influence customers to visit it. Moreover, the functions of a webpage are the same as a trademark in that the site facilitates product differentiation and product recall, and provides product information for potential consumers. It also shows ownership or origin of the product, as well as fulfilling advertising functions. Consequently, an Internet address, like a trademark, qualifies as an object of intellectual property right protection.

EUROPEAN COURT OF JUSTICE

I.C. Distinctiveness

In Bovemij Verzekeringen NV v. Benelux-Merkenbureau,368 the European Court of Justice (ECJ) provided guidance on the interpretation of Article 3(3) of the EC Trade Marks Directive.369 The questions referred to the ECJ related to how a mark could acquire distinctive character and what geographical territories or

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linguistic areas had to be taken into consideration for this purpose. Article 3(3) provides:

A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

Bovemij Verzekeringen NV (Bovemij) applied to the Benelux Trade Mark Office (Benelux-Merkenbureau) (BMB) to register the word mark EUROPOLIS for services in Class 36 (insurance, financial affairs, monetary affairs, real estate affairs) and Class 39 (transport, packaging and storage of goods, travel arrangements). The BMB refused registration on the grounds that “[t]he [mark] EUROPOLIS is composed of the common prefix EURO (for Europe) and the noun POLIS and is exclusively descriptive of the services named in classes 36 and 39 relating to a policy in Europe. The [mark] therefore has no distinctive character. . . .”370 Bovemij then submitted three brochures as evidence of use. The BMB was of the view that there was no trade acceptance of the marks used, as the duration of the use was insufficient for that purpose and the documents submitted showed use of the mark only as a trade name.

Bovemij appealed to the Regional Court of Appeal (Gerechtshof), the Hague. The Gerechtshof found that the mark consisted of a combination of the word POLIS and the prefix EURO. The Dutch word POLIS normally refers to an insurance agreement and is the generic name that covers many different types of insurance. EURO, at the time of filing, was the name of the currency used in the Benelux countries and a popular abbreviation of the words for “Europe” or “European.” The Court found that it was such a frequently used concept that it could not denote any independent distinguishing character. EURO in normal speech could also be used to refer to a European quality, origin, or purpose. The prefix EURO thus gave the mark in question the meaning of insurance with a European aspect. Therefore, the mark EUROPOLIS was descriptive and devoid of distinctive character under Articles 3(1)(b) and 3(1)(c) of the Directive.

Bovemij submitted in the alternative that the applied-for mark had acquired distinctive character through use, and that for the purposes of acceptance through use under Article 3(3), it sufficed that the mark was regarded as a trademark in a substantial part of the territory, which could be solely the Netherlands. The BMB contended that acceptance through use

required that a mark be perceived as a trademark throughout the Benelux territory, namely Belgium, the Netherlands, and Luxembourg.

The Gerechtshof referred certain questions to the ECJ:

(1) Must Article 3(3) of the Directive be interpreted as meaning that in order to acquire distinctive character (in the present case through a Benelux trademark) as a result of use, as referred to in that provision, it is necessary that the sign be regarded as a trademark, before the date of application, by the relevant public throughout the Benelux territory and, therefore, in Belgium, the Netherlands and Luxembourg?

If the answer to Question 1 is in the negative:

(2) Is the condition for registration laid down in Article 3(3) of the Directive satisfied, for the purposes of that provision, if the sign, as result of the use made of it, is regarded as a trademark by the relevant section of the public in a substantial part of the Benelux territory and can this substantial part be, for example, the Netherlands alone?

(3) (a) When assessing distinctive character acquired through use, within the meaning of Article 3(3) of the Directive, of a sign—consisting of one or more words of an official language in the territory of a Member State (or, as in the case in point, the Benelux territory)—is it necessary to take into account the language regions within that territory?

(b) For registration as a mark, should the other requirements for registration be satisfied, is it sufficient if/required that the sign be regarded as a trademark by the relevant section of the public in a substantial part of the language region of the Member State (or, as in the case in point, of the Benelux territory) in which that language is an official language?

The ECJ answered the first two questions together. It confirmed that the Benelux territory must be treated like the territory of a Member State.371 The ECJ held that in assessing the effect of distinctive character acquired through use under Article 3(3) on the grounds for refusal under Articles 3(1)(b)–3(1)(d), only the situation prevailing in the part of the territory of the Member State concerned where the grounds for refusal have been noted is relevant. Thus, a mark may be registered on the basis of acquired

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distinctiveness only if it is proven that the mark has acquired distinctive character through use throughout the territory of the Member State, or, in the case of the Benelux territory, throughout the part of the territory in which there exists a ground for refusal.

In relation to the third question, with regard to a mark consisting of one or more words of an official language of a Member State or of the Benelux territory, the ECJ determined that if the ground for refusal exists only in one of the linguistic areas of the Member State or, in the case of Benelux, in one of its linguistic areas, it must be established that the mark has acquired distinctive character through use throughout that linguistic area. In the linguistic area thus defined, it must be assessed whether the relevant class of persons, or at least a significant proportion thereof, identifies the product or service in question as originating from a particular undertaking because of the trade mark.372

In the case of *Dyson Ltd v. Registrar of Trade Marks*,373 the English High Court referred questions regarding the distinctiveness, and hence the registrability as a trademark, of a visible functional feature of a product—in this instance, a transparent dust collection bin that formed part of the external surface of Dyson bagless cleaners (the “Transparent Bin”).

The High Court took the view that the marks applied for were incapable of distinctiveness and that they were descriptive. Nevertheless, it questioned whether the marks could be registrable as a result of acquired distinctiveness, owing to a de facto monopoly on use of this style of collection bin, despite the fact that the Transparent Bin had not been used by Dyson as a trademark.

The ECJ stated that before considering the criteria set out in Article 3 of the EC Trade Marks Directive, it was first necessary to consider whether the trademark application met the requirements of Article 2, the purpose of which is to prevent the abuse of trademark law in order to obtain a competitive advantage.

The ECJ held that Article 2 of the Directive was to be interpreted as meaning that the subject matter of trademark applications such as the one in question, which attempted to cover all conceivable shapes of a Transparent Bin, could not be a “sign” and was therefore incapable of constituting a trademark.

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II.A. Requirements for Acceptable Filings

The Brussels Court of Appeal (Hof van Beroep te Brussel) (HVB) requested guidance from the ECJ on several procedural matters relating to the refusal of registration of a trade mark by the Benelux Trademark Office (Benelux-Merkenbureau) (BMB). Specifically, the ECJ was asked to clarify the following, under the Uniform Benelux Law on Trade Marks:

1. The manner in which the BMB should formulate its reasons for refusing the registration of a trade mark;
2. The ability of the HVB to take account of facts and circumstances that occurred after the decision of the BMB, but before its own judgment; and
3. The ability of the HVB to consider the validity of a trade mark registration for individual classes of goods and/or services even when neither the application nor the BMB’s decision referred to those goods and/or services separately.

BVBA Management, Training en Consultancy applied for registration of the word mark THE KITCHEN COMPANY in respect of a variety of goods and services, including goods within Class 21. The BMB refused the application on the ground that the mark lacked distinctive character. In doing so, the BMB did not formulate separate conclusions in respect of each of the individual goods and services for which protection was sought but decided, in respect of the protection sought as a whole, that the mark applied for lacked distinctive character.

BVBA appealed to the HVB. As part of its defence, the BMB maintained that, as a result of the decision of the Benelux Court of Justice in BMB v. Vlaamse Toeristenbond, the HVB could not consider the validity of a part of BVBA’s application that was neither applied for separately nor referred to separately in the BMB’s decision to reject the application. The HVB considered that the effect of the decision in Vlaamse was that it might preclude the court reviewing the decision of the BMB from taking account of all the relevant facts and circumstances. It therefore referred the following questions to the ECJ for a preliminary ruling:

(1) Is the trade mark authority required, after its examination of all relevant facts and circumstances concerning an absolute ground of refusal, to state in its provisional and in its definitive decision on the application [for registration of a trade mark] its conclusion in regard to each of the goods

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and services separately in respect of which trade mark protection is sought?

(2) May the relevant facts and circumstances to be taken into account by the adjudicating authority in the event of an appeal against the decision of the trade mark authority be different as a result of a lapse of time between the two decisions [of the trade mark and adjudicating authorities, respectively] or must the adjudicating authority only take account of such facts and circumstances as were available at the moment when the trade mark authority made its decision?

(3) Does the interpretation by the ECJ in [Koninklijke KPN Nederland\textsuperscript{376}] preclude national legislation in regard to the competence of the adjudicating authority from being construed as meaning that that authority is prevented from taking account of any alteration in the relevant facts and circumstances or from ruling on the distinctive character of the mark for each of the goods and services?

The ECJ noted that the EC Trade Marks Directive is not intended to achieve full-scale approximation of the trade mark laws of Member States\textsuperscript{377} and that it allows Member States to set the procedure relating to the registration of trade marks.\textsuperscript{378} However, the grounds for refusal set out in the Directive are intended to be exhaustive.\textsuperscript{379} The grounds for refusal are listed in Article 3, subsection (1)(b) of which refers to “trade marks which are devoid of any distinctive character.” Article 3(3) provides that a trade mark shall not be refused registration as devoid of any distinctive character if before the date of application it has acquired a distinctive character as a result of use, and that a Member State may also allow registration if the mark has acquired a distinctive character through use after the date of application. Finally, Article 13 of the Directive provides:

Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.

With reference to the first question, the ECJ found that an examination of the grounds of refusal for registration must be carried out in relation to each of the goods and services, and that


\textsuperscript{377} EC Trade Marks Directive, recital 3.

\textsuperscript{378} Id. recital 5.

\textsuperscript{379} Id. recital 7.
the decision must, in principle, state reasons in respect of each of those goods or services. However, where the same ground of refusal is given for a category or group of goods or services, general reasoning for all those goods and services concerned may be given. The ECJ then turned to the second part of the third question, which it interpreted as asking whether the Directive precluded national legislation that prevents the HVB from ruling on the distinctive character of the mark for each of the goods and services considered separately.

The ECJ noted that where neither the application nor the BMB’s decision related to categories of goods or services or goods or services considered separately, such a limitation on the court’s powers could not be regarded as being contrary to the principle of effectiveness, especially because the party concerned could, following a decision that was wholly or partially unfavourable to that party, make a fresh application for registration of the mark. The ECJ therefore held that the Directive does not preclude national legislation that prevents the appellate court reviewing the decision of the competent authority from ruling on the distinctive character of the mark separately for each of the individual goods and services specified in the trade mark application, where neither that decision nor that application relates to categories of goods or services or to goods or services considered separately.

Finally, the ECJ considered the second question and the first part of the third question, which it understood as asking whether the Directive was to be interpreted as precluding national legislation that prevents the court reviewing the decision of the competent authority from taking account of facts and circumstances that arose after that decision had been handed down.

The ECJ noted that because the order for reference contained nothing to suggest that there was any such change, and that the question was therefore purely theoretical or hypothetical, it was, strictly speaking, inadmissible. However, the ECJ went on to consider the question. It held that, as “the national courts must rule on the lawfulness of a given decision of the competent authority[, which] could have been taken only on the basis of the facts and circumstances of which it was possible for that authority to be aware at the time when it reached that decision, . . . a national legal order may prevent the court reviewing a decision of the competent authority from taking account of facts and circumstances subsequent to that decision in order to determine whether that decision was lawful.”

The rationale behind the ECJ’s decision seems to be that (as stated in paragraph 46 of its judgment) if a decision is

unfavourable to a party, it may simply make a fresh application for registration of the mark, and that this is preferable, from a policy perspective, to appealing the decision.

II.C.1.b. Personal Names

In Céline SARL v. Céline SA, the ECJ was asked to give guidance on whether Article 5(1) of the EC Trade Marks Directive must be interpreted as meaning that the adoption by a third party, without authorisation, of a registered word mark as a company, trade, or shop name in connection with the marketing of identical goods amounts to use of that mark in the course of trade, which the proprietor is entitled to stop by reason of his exclusive rights.

Céline SA was incorporated in 1928, and carried out the business of creating and marketing articles of clothing and fashion accessories under that name. It registered the word mark CELINE as a trade mark in 1948.

In 1950, Mr. Grynfogel was registered in the Commercial and Companies Register in Nancy in relation to the operation of a menswear and womenswear business, trading as Céline. In 1992, Mr. Grynfogel’s successor registered the company name Celine in the Commercial and Companies Register for a business trading in ready-to-wear garments, lingerie, clothing, furs, apparel, and various accessories.

Céline SA brought proceedings against Céline SARL. At first instance, judgment was given for the plaintiff. On appeal, the Nancy Court of Appeal referred the above question to the ECJ.

The ECJ noted that the question referred only to Article 5(1) of the Directive, and did not consider Article 6(1), which provides a limited exception to the prohibition in Article 5(1) where the allegedly infringing party is using its own name. The ECJ further noted that it should “provide the national court with all those elements for the interpretation of Community law which may be of assistance in adjudicating on the case pending before it, whether or not that court has specifically referred to them in its questions,” and that Article 6(1) was such an element. The ECJ therefore formulated the following series of questions to be asked by the national court in determining whether the use by a company, trader, or shop of its own name constituted trade mark infringement within Article 5(1)(a) of the Directive:

1. Is the use “use in the course of trade”? If it is not, there is no infringement. If so:

382. Id. para. 29 (citations omitted).
2. Is the use without the consent of the proprietor? If it is not, there is no infringement. If so:

3. Is the use in respect of goods or services that are identical to those for which the mark is registered? If it is not, there is no infringement.

If the answer to Question 3 is in the affirmative, it is necessary to ascertain whether the use affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services. The ECJ noted that the purpose of a company name is not, of itself, to distinguish goods or services. Therefore, in deciding whether a company name is being used to distinguish goods or services, two clarificatory questions should be asked:

(a) Is a mark constituting the company name affixed to the goods as marketed? If so, that use infringes Article 5(1)(a) unless it falls within Article 6(1) (considered below). If not:

(b) Is the mark used in such a way that a link is established between the mark (which constitutes the company name) and the goods marketed or services provided by the company?

If the answer to Question 3(b) is no, there is no infringement under Article 5(1)(a). If the answer is yes, the use will infringe unless it falls within the own name exception under Article 6(1).

Article 6(1) states that “[t]he trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, (a) his own name or address . . . provided he uses them in accordance with honest practices in industrial or commercial matters.”

The ECJ held that it was for national courts to decide whether use of a name was in accordance with honest practices in industrial or commercial matters, but that they should have regard to:

1. The extent to which the use of that name is understood by the relevant public, or at least a significant section of that public, as indicating a link between their goods or services and the trade mark proprietor;

2. The extent to which the third party ought to have been aware of that; and

3. Whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or services.

The ECJ therefore held that

the unauthorised use by a third party of a company name, trade name or shop name which is identical to an earlier mark
in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) of the Directive, where the use is in relation to goods in such a way as to affect or be liable to affect the functions of the mark.\textsuperscript{383}

Should that be the case, Article 6(1)(a) of the Directive can operate as a bar to the prevention of such use only if the use by the third party of his company name or trade name is in accordance with honest practices in industrial or commercial matters.

\textbf{II.C.1.f. Device and Design Marks}

In \textit{Benetton Group SpA v. G-Star International BV},\textsuperscript{384} the ECJ considered whether a shape that gave substantial value to a product could ever constitute a trade mark where the shape had acquired its attractiveness as a result of advertising prior to registration.

Article 3(1)(e) of the EC Trade Marks Directive provides: “The following shall not be registered or if registered shall be liable to be declared invalid: \ldots signs which consist exclusively of \ldots the shape which gives substantial value to the goods.\ldots” Article 3(3) of the Directive provides: “A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application or after the date of registration.”

G-Star, a clothing manufacturer and marketer, held two registered shape marks in respect of the stitching pattern and other design elements of its Elwood trousers. In 2000, G-Star brought an action against Benetton in Amsterdam for infringement of the trade marks. Benetton challenged the application and counterclaimed for invalidity of the marks. The claim progressed through the appeal courts, with the national court at second instance finding that the marks had been infringed. It was of the opinion that G-Star had conducted extensive advertising campaigns to give the specific characteristics of the trousers recognition as one of its products, and accordingly the reputation of the trousers was attributable to recognition of the mark. Following further appeal, the Supreme Court of the

\textsuperscript{383} Id. para. 36.

Netherlands (Hoge Raad der Nederlanden) referred the following questions to the ECJ:

1. Is the use of a sign referred to in the third indent of Article 3(1)(e) of the Directive, prior to the application for registration, . . . capable of enabling it to be registered as a trade mark or of precluding its invalidity where the sign has been registered? [ECJ’s paraphrase.]

2. If the answer to Question 1 is to the latter effect, to what extent must this attractiveness have prevailed for the prohibition no longer to apply?

The ECJ noted that Article 3(3) of the Directive does not refer, for the purposes of establishing the extent of the exception laid down therein, to the marks referred to in Article 3(1)(e). It applied the judgment in the *Philips* case, namely that if a shape is refused registration pursuant to Article 3(1)(e) of the Directive, it can in no circumstances be registered by virtue of Article 3(3).

Accordingly, the ECJ held that the third indent of Article 3(1)(e) was to be interpreted as meaning that the shape of a product that gives substantial value to the product cannot constitute a trade mark under Article 3(3) where, prior to the application for registration, the shape acquired attractiveness as a result of its recognition as a distinctive mark following advertising campaigns presenting the specific characteristics of the product in question. In view of this conclusion, it was not necessary for the ECJ to answer Question 2 of the referral.

### III.A.8. Parallel Imports/Gray Marketing

In *Montex Holdings Ltd v. Diesel SpA*, the ECJ was asked to consider whether the proprietor of a trade mark had the right to prohibit the transport of goods bearing an identical mark through the territory of a Member State in which the trade mark enjoyed protection.

Montex sold jeans in Ireland bearing the well-known DIESEL brand without permission from Diesel. Diesel had no registered trade mark for the name DIESEL in Ireland. The jeans were sewn together in Poland using components exported from Montex in Ireland. The assembled jeans were then transported back for sale in Ireland. Transportation of the components and jeans was done under the Customs seal procedure.

In 2000 (prior to Poland’s joining the EU), German Customs held back a consignment of over 5,000 pairs of women’s jeans bearing the name DIESEL in transit from Polish customs to...
Ireland. Removal of the trousers in the course of transit was prevented by the Customs seal fixed to the vans by Polish authorities. Montex filed an objection to the detaining of the goods, contending that mere transit of goods through Germany would not infringe the trade mark rights in that territory. Diesel disagreed. It considered that its trade mark rights were infringed by the transit because of the danger that the goods could be marketed in the Member State of transit. Diesel applied for an order prohibiting the transit and requiring that Montex consent to the destruction of the goods or the removal of all marks and labels bearing the name DIESEL. After losing at first instance and upon appeal, Montex further appealed a point of law to the German Supreme Court (Bundesgerichtshof), which in turn referred the following questions to the ECJ for a preliminary ruling:

1. Does a registered trade mark grant its proprietor the right to prohibit the transit of goods with the mark?
2. If the answer to Question 1 is in the affirmative, may a particular assessment be based on the fact that the mark enjoys no protection in the country of destination?
3. If the answer to Question 1 is in the affirmative, and irrespective of the answer to Question 2, is a distinction to be drawn according to whether the article whose destination is a Member State comes from a Member State, an associated state, or a third country? Is it relevant in this regard whether the article has been produced in the country of origin lawfully or in infringement of a right to a mark existing there held by the trade mark proprietor?

The ECJ considered the first two questions together. Following the judgment in Polo v. Lauren,[387] goods being transported according to an external transit procedure are not subject to import duties or other measures of commercial policy and are therefore treated as though they had never entered Community territory. Furthermore, the case of Rioglass and Transremar[388] established that transit of goods lawfully manufactured in one Member State but transported through other Member States to a non-member destination did not involve marketing of the goods in question or infringement of the trade mark in the country of transit. Finally, the Court referred to SmithKline Beecham v. Class International,[389] in which it held that mere entry into the EU was not sufficient for trade mark infringement. On the facts of that case, SmithKline Beecham was

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unable to prevent parallel-imported AQUAFRESH toothpaste from being transported via Rotterdam when Class International argued that it was merely in transit through the EU.

In conclusion to the first two questions, the ECJ held that Articles 5(1) and 5(3) of the EC Trade Marks Directive could be used by a trade mark proprietor only to prohibit transport of goods bearing the trade mark through a Member State in which the mark was protected to another Member State destination where the mark was not so protected, if the goods were subject to the act of a third party while they were under the external transit procedure that necessarily entailed their being put on the market in the Member State of transit. It was not sufficient that there be a risk that the goods would not reach their destination.

In answer to the third question, it was irrelevant whether the goods destined for a Member State came from an associated state or a third country. It was also irrelevant whether the goods had been manufactured lawfully in the country of origin or in infringement of trade mark rights held by a proprietor in that country. The relevant fact in the present case was that at the time of export, Poland was not a Member State and accordingly was able to use the external transit mechanism.

The English Court of Appeal referred to the ECJ questions concerning the interpretation of Article 7(2) of the EC Trade Marks Directive in relation to the importation into the UK and subsequent repackaging and relabelling of medicinal products that had been first marketed elsewhere in the European Union (EU). Under Article 7(1), the trademark proprietor is not entitled to prohibit use of the trademark in relation to goods that have been put on the market in the EU (or, in accordance with Section 65(2) of the Agreement on the European Economic Area, in a contracting state) under that trade mark by the proprietor or with his consent. However Article 7(1) is subject to the execution under Article 7(2) that there is no exhaustion of rights in the trade mark if there “exist legitimate reasons for the proprietor to oppose further commercialisation of the goods.”

In order to market the imported products in the UK, the importers made various alterations to the packaging and the patient information leaflets of the original products, including the following:

1. The addition of a label that set out information, including the name and licence number of the parallel importer, but that did not obscure key wording in languages other than

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English and allowed the original trademarks to remain visible;

2. Repackaging by the parallel importer in a new box, on which the original trademark was reproduced; and

3. Repackaging in a box that showed the generic name but inside which the original packaging, bearing the trademarks, was still intact, and with the addition of a label showing the generic name, and the identities of the manufacturer and of the parallel importer.

Questions previously referred to the ECJ by the English trial court had resulted in a ruling that Article 7(2) must be interpreted to mean a trademark proprietor may prevent repackaging of pharmaceutical products unless to do so would result in an artificial partitioning of the markets between Member States. However, the ECJ went on to state that replacement packaging is objectively necessary if effective access to the market or a substantial part thereof would otherwise be hindered as a result of strong consumer resistance to the relabelling of such products. The ECJ further ruled that parallel importers must give prior notice to the trademark proprietor of the intended repackaging and that a failure to do so would allow the proprietor to oppose the marketing of the repackaged pharmaceutical product.391

The English Court of Appeal referred further questions to the ECJ regarding the manner of repackaging of pharmaceutical products and the ramifications of failing to give prior notice of the intended repackaging.

The ECJ observed that (1) the repackaging of trademarked pharmaceutical products without authorisation posed a real risk to the function of a trade mark as a guarantee of origin; (2) repackaging was in itself prejudicial to the mark; (3) the repackaging must not be such as to harm the reputation of the mark or adversely affect the condition of the product; and (4) the purpose of giving notice was to allow the trademark proprietor to safeguard his interests and to protect against counterfeiting.

The ECJ ruled that the overlabelling of pharmaceutical products may be opposed unless the parallel importer could prove that (1) it would result in artificial partitioning of the market, (2) the new label would have no effect on the original condition of the product, (3) the packaging clearly stated who overlabelled the product and detailed the name of the manufacturer, (4) the appearance of the repackaged product would not damage the reputation of the trademark or the proprietor (e.g., it could not be defective, of poor quality, or untidy), and (5) the importer gave

notice (and provided an overlabelled sample on demand) prior to sale.

With respect to conditions (2) and (4) the ECJ held that it was sufficient for the parallel importer to provide initial evidence that led to a reasonable assumption that the conditions had been fulfilled. Further, the ECJ ruled that the requirement that the reboxing and/or overlabelling must be necessary to enable further commercialisation would not prevent complaints regarding the manner and style of the repackaging. In this regard, the question of damage to the trade mark’s reputation would be a question of fact for the national courts to decide.

In relation to the question of notice, the ECJ ruled that failure to provide notice renders any importation an infringement of the trade mark proprietor’s rights. The sanction for such infringement must be “proportionate, . . . sufficiently effective and a sufficient deterrent” and could include financial penalties, although the precise nature of such sanctions would be left to the national courts to decide.

**III.D. Defenses**

In January 2007 the ECJ delivered its judgment in *Adam Opel AG v. Autec AG*. Adam Opel is a well-known car manufacturer and owner of a German registered trade mark for a logo (the “Opel logo”) covering, *inter alia*, motor vehicles and toys (see below). Autec began marketing a 1:24 scale model of the Opel Astra V8 Coupe with an exact replica of the original Opel logo. Opel sought to prevent Autec from selling the toy cars on the basis that the mark was being used on products identical to those for which it was registered, namely toys. Autec did not argue with this assertion. Instead, Autec based its defence on the fact that it would be obvious to the public that the scale models did not originate from the manufacturer of the vehicle that it was replicating, and therefore the essential function of the trade mark was not compromised.

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The first question referred by the German court to the ECJ sought to clarify whether the use of a trade mark on a small-scale replica toy car could be a violation of Article 5(1)(a) of the EC Trade Marks Directive. The second question concerned the defences in Article 6(1) and asked whether the use of the trade mark in Question 1 was an indication of the kind or quality of the model car.

The ECJ noted that it was for the referring courts to determine, by reference to the average consumer of those goods in that country, whether the functions of the trade mark are affected. The ECJ also noted (although it was not specifically asked for guidance on this point) that, under Article 5(2) of the Directive, it was for the national court to determine whether Autec’s use “constitutes use without due cause which takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the registered trade mark.”

The defences under Article 6(1) were held not to be available to Autec, as (1) affixing the trade mark did not indicate the purpose of the toy cars and (2) affixing the trade mark to “scale models of that make of vehicle, in order faithfully to reproduce those vehicles, and the marketing of those scale models, do not constitute use of an indication concerning a characteristic of those scale models, within the meaning of Article 6(1)(b).” The ECJ acknowledged that the primary purpose of the Article 6(1)(b) defences was to enable others to continue to use descriptively words or phrases of a descriptive nature that have been incorporated into a trade mark. It suggested that Autec’s use did not fall within the defence, as the mark had not been used “in order to describe characteristics” of the model; rather it was used “in order faithfully to reproduce” an Opel Astra V8 Coupe.

It is difficult to see why, in this case, Autec’s use of the Opel logo was not considered use in order to indicate to potential buyers that this toy was a faithful miniature replica of the car. Is faithful replication not a characteristic of a model?

**III.F.1. Non-Use**

In *Armin Häupl v. Lidl Stiftung & Co. KG*, the ECJ was asked to provide guidance on the correct interpretation of Articles 10(1) and 12(1) of the EC Trade Marks Directive.

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393. *Id.* para. 36.
394. *Id.* para. 44.
Article 10(1) specifies that “[i]f, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.” (Emphasis added.) Article 12(1) specifies that “[a] trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use . . . .” (Emphasis added.)

Lidl Stiftung & Co. KG (Lidl) owns an international figurative mark incorporating the words LE CHEF DE CUISINE. Lidl sells its ready-made meals under the mark only in its own sales outlets. The mark was protected in Austria from October 12, 1993, and was published on December 2, 1993. On October 13, 1998, Mr. Häupl sought cancellation of the mark in Austria for non-use, taking the view that the five-year period ran from the beginning of the protection period (October 12, 1993). On November 5, 1998 (within five years of the date of publication), Lidl opened its first Austrian supermarket, and sold goods under the mark. Lidl claimed that it had planned expansion into Austria since 1994, but that the opening of its first outlet had been delayed by bureaucratic obstacles, particularly delays in the issue of operating licences.

The Austrian Patent Tribunal (Oberster Patent- und Markensenat) referred two questions to the ECJ:

1. Is Article 10(1) of the . . . Directive . . . to be interpreted as meaning that the “date of the completion of the registration procedure” means the start of the period of protection?

2. Is Article 12(1) of the . . . Directive to be interpreted as meaning that there are proper reasons for non-use of a mark if the implementation of the corporate strategy being pursued by the trade mark proprietor is delayed for reasons outside the control of the undertaking, or is the trade mark proprietor obliged to change his corporate strategy in order to be able to use the mark in good time?

To the first question, the ECJ answered that “the ‘date of the completion of the registration procedure’ within Article 10(1) of the Directive must be determined in each Member State in accordance with the procedural rules on registration in force in that State.”

It reasoned that (1) several legal systems are involved when a mark is registered internationally; (2) it is clear, from the third

396. *Id.* para. 31.
recital in the preamble to the Directive, that the Directive does not harmonise the procedural aspect of registration; (3) Article 10(1) does not determine the beginning of the five-year period in an unambiguous manner; and (4) Member States are free to organise their registration procedure and can decide when the procedure is to be regarded as completed.

To the second question, the ECJ answered that “only obstacles having a sufficiently direct relationship with a trade mark [as to] mak[e] its use impossible or unreasonable, and . . . aris[ing] independently of the will of the proprietor of that mark, may be described as ‘proper reasons for non-use’ of that mark.” The question was a factual one for the national courts to decide. The Court considered the following points:

1. “Proper reasons” under Article 12(1) must be given an autonomous and uniform interpretation (as was “genuine use” in Ansul).

2. Article 12(1) does not contain any indication of the nature or characteristics of “proper reasons.” Article 19(1) of the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights) requires that circumstances arising independently of the will of the trade mark proprietor that constitute obstacles to the use of the trade mark, be recognised as valid reasons for non-use. Article 19(1) is a factor in the interpretation of the similar concept in the Directive.

3. The eighth recital of the preamble to the Directive states the importance of requiring that unused trade marks be subject to revocation. In light of the recital, it would be contrary to the scheme of Article 12(1) to confer too broad a scope on the concept of “proper reasons.”

4. The obstacles must have a direct relationship to the mark. A mark owner may have a “proper reason” where a sufficiently direct relationship made use unreasonable. For example, a proprietor need not change its corporate strategy (by, for example, selling its goods in competitors’ outlets) in order to use its mark.

397. Id. para. 54.

FINLAND

I.C. Distinctiveness

Tornos SA, a Swiss company, filed an application for the extension to Finland of its International Registration for the trademark TORNOS, covering goods and services in Classes 7, 9, 37, 41, and 42. The Finnish National Board of Patents and Registration (NBPR) refused the application on the ground that the mark lacked distinctiveness, as it was the plural form of the Spanish word *torno*, meaning lathe, winch, reel, or spinning wheel, and thus was descriptive for the designated goods and services.

On appeal by the applicant, the Board of Appeal of the Finnish Patent Office overturned the decision and returned the matter to the NBPR for reexamination. It held that the Spanish-language word *torno* was not a commonly known word in Finland, and therefore the mark should be considered distinctive.399

This decision reflects the present practice of how words of different languages are examined differently depending on how well they are known in Finland.

The National Board of Patents and Registration (NBPR) refused the Finnish firm Nokia Corporation’s application for registration of the trademark MPOSITION in Class 9 on non-distinctiveness grounds. The Board of Appeal overturned the decision, as it was of the view that even if the word *mposition* meant “a measure: a position on Earth, actual position of the object” in certain fields of specialization, this meaning was not commonly used in the field of telecommunication and did not directly describe the goods in Class 9.400 Consequently, the mark was to be considered distinctive for the goods designated in the trademark application. The matter was returned to the NBPR for reexamination.

The Patent Office’s Board of Appeal annulled the decision by which the National Board of Patents and Registration (NBPR) had rejected the application by the German firm Siemens Aktiengesellschaft for the extension to Finland of its International Registration for the trademark PAY@ONCE in Classes 9, 37, 38, and 42 because of lack of distinctiveness. The Board of Appeal found that the mark consisted of two words that, when combined, had a certain meaning, and that phonetically, pronounced as “pay at once,” the mark again had a certain meaning.401

Nevertheless, the Board of Appeal returned the matter to the NBPR for reexamination, holding that the mark as a whole did not directly indicate the essential properties of the goods and services covered by the application. The Board of Appeal deemed the mark suggestive and, therefore, distinctive.

Puma Aktiengesellschaft Rudolf Dassler Sport, a German company, applied for the extension to Finland of its International Registration for the trademark PLATINUM, for goods in Classes 18, 25, and 28. The application was refused by National Board of Patents and Registration (NBPR) on the basis of prior Community registrations for similar trademarks in Classes 18 and 28. The applicant limited its list of goods to cover only shoes in Class 25; however, the Board still refused the registration, holding that, as *platinum* was a color in the English language, the mark lacked distinctiveness.

The Board of Appeal overruled the NBPR’s decision. It took the view that the word *platinum* means a precious metal. As shoes are not made of platinum and the word is not normally used to describe the color of shoes, the Board of Appeal deemed the mark distinctive.

The Finnish National Board of Patents and Registration (NBPR) and the Board of Appeal of the Finnish Patent Office’s rejected the extension to Finland of of its International Registration for the trademark MAGNESIA, for Class 32 goods, in the name of Karlovarské Minerální Vody (Carlsbad Mineral Water), a company in the Czech Republic. According to the NBPR, the word *magnesia* meant magnesium oxide and magnesium carbonate, which, it held, could be components of goods covered by the registration. Thus, it deemed the mark non-distinctive. The Board of Appeal added to the reasoning that alkaline carbonate is called *magnesia alba*, and it is used, among other things, in the production of mineral waters, for which the application for registration was filed.

Karlovarské Minerální Vody filed an appeal with the Supreme Administrative Court. It argued that the word *magnesia* did not mean magnesium carbonate or any other substance that could be a component of the goods covered by the registration. Even if the word was used in technical language as a chemical term to indicate magnesium oxide, to the product target group, that is, to ordinary consumers, the word was a distinctive, invented word. The applicant informed the court that its mineral water contained a larger amount of magnesium than other mineral waters, and that is why MAGNESIA was chosen as the product name. In

addition, the company referred to the EC Trademarks Directive\textsuperscript{403} in support of its arguments. It argued that as the mark had been registered in the Czech Republic and all chemical terms were international, the matter should be examined similarly in all the EU member states.

The Supreme Administrative Court annulled the decisions of the NBPR and the Board of Appeal. It held that the goods covered by the registration were perishable goods, and the average consumer could not be assumed to have such expertise in chemistry that he or she would recognize the chemical meanings for the word \textit{magnesia}.\textsuperscript{404} Instead, consumers could be expected to connect the mark with magnesium, an important mineral for humans; however, the Court said, the trademark did not indicate so clearly the quality and magnesium content of the product that it should be deemed on such grounds non-distinctive. Additionally, there was no need to keep the word available for use by all, on the ground that it would be impossible to market competing products without using the word. Therefore, the mark MAGNESIA was deemed distinctive. The Supreme Administrative Court returned the matter to the NBPR for reexamination.

\textbf{I.D.1. Similarity of Marks}

The National Board of Patents and Registration (NBPR) partially refused the application by Mapei S.p.A., an Italian company, for the extension to Finland of its International Registration for the trademark VISCOFLUID in Class 1. The NBPR held that the applied-for mark was confusingly similar to the British concern BP's prior-registered CTMs VISCO, VISCO 2000, VISCO 3000, VISCO 5000, and VISCO 7000, covering the same and similar goods in Class 1.

The Board of Appeal annulled the NBPR's decision, finding that the word \textit{visco} (from the word \textit{viscosity}) had become a commonly known word to describe the nature of liquids in Class 1 and, thus, was weak, lacking distinctiveness.\textsuperscript{405} It held that the applied-for mark differed both visually and phonetically from the cited CTMs despite the common denominator VISCO, which was weak. Consequently, the mark could not be deemed confusingly similar to the cited marks. The Board of Appeal returned the matter to the NBPR for reexamination.

It should be noted that the Board of Appeal considered the mark VISCO to be weak, despite the fact that it had already been registered in the European Community.

\textsuperscript{403} First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.
\textsuperscript{404} Case No. 2472/3/05 (Supreme Administrative Court, April 19, 2006).
\textsuperscript{405} Case No. 2003/T/110 (Board of Appeal, Patent Office, September 21, 2005).
The National Board of Patents and Registration and the Finnish Patent Office’s Board of Appeal rejected the opposition by the German company Boehringer Ingelheim Pharma GmbH & Co. KG on the ground that the opponent’s CTM ZOLTRA could not be held confusingly similar to the mark ZOLT, applied for by the Finnish company Orion-yhtymä Oyj and covering goods in Class 5.\textsuperscript{406}

According to the Board of Appeal, the beginning ZOLT could not be considered such a separate, distinctive part of the opponent’s mark that consumers would assume that products bearing the marks under comparison had the same commercial origin. Additionally, as the applied-for mark ZOLT differed phonetically from the opposing mark ZOLTRA, where the stress was on the last syllable, RA, the marks could not be deemed confusingly similar.

The Board of Appeal’s ruling is an exceptional decision, as it deviates from the Patent Office’s current practice.

The National Board of Patents and Registration and the Board of Appeal refused the application by the Danish firm Ferrosan A/S for registration of the trademark BEVI-TABS, for goods in Class 5.\textsuperscript{407} The mark was found to be confusingly similar to the Finnish company Orion Corporation’s prior-registered trademarks BEVITAN and BEVITA, covering goods in the same class.

Likelihood of confusion is always an interesting aspect to evaluate. The ruling in this case was the opposite of that in the matter of ZOLT v. ZOLTRA, discussed above.

\textit{I.D.2. Similarity of Goods or Services}

The National Board of Patents and Registration (NBPR) and the Board of Appeal rejected the opposition filed by the Finnish company Vitabalans Oy against the trademark application for MEDIPLAST by the Swedish company Mediplast Ab.\textsuperscript{408} The tribunals were of the view that there was no likelihood of confusion between the goods in Class 5 sought to be registered and the goods in Class 10 for which the opponent’s mark was registered, as they were totally different. In Class 10 the opponent’s trademark MEDIPLAST was registered for apparatuses and instruments used by experts in medical and surgical operations, whereas the applicant’s mark MEDIPLAST was for all the goods in Class 5, which covers mainly pharmaceutical substances and preparations for humans and animals.

\textsuperscript{406} Case No. 2003/T/160 (Board of Appeal, Patent Office, December 12, 2005).
\textsuperscript{407} Case No. 2003/T/218 (Board of Appeal, Patent Office, February 14, 2006).
\textsuperscript{408} Case No. 2003/T/165 (Board of Appeal, Patent Office, November 30, 2005).
This decision reflects the opinion of the Patent Office that the goods in Classes 5 and 10 are not considered confusingly similar in Finland.

The National Board of Patents and Registration (NBPR) and the Board of Appeal rejected the application by the Korean company Yupoong Inc. for registration of the trademark FLEXFIT, for goods in Class 25, on the ground that the applied-for mark was confusingly similar to the CTM FLEXFIT.\textsuperscript{409} The cited registration covered footwear, whereas the applicant’s trademark application was for caps. Both tribunals considered that there was a likelihood of confusion between the goods, as they were both something you can wear.

\textbf{II.C.1.b. Personal Names}

The Finnish National Board of Patents and Registration (NBPR) rejected the application by Merck KGaA, a German company, for the extension to Finland of its International Registration for the trademark CONTI 7, covering goods in Class 5, on the ground that Conti was a surname in Finland.

The Board of Appeal of the Finnish Patent Office overturned the NBPR’s decision, holding that the word \textit{conti} had a double meaning in a language that was known also in Finland.\textsuperscript{410} The Italian word \textit{conti} is the plural form of \textit{conto}, which means, among other things, an invoice. The Board of Appeal held that the word CONTI in the mark CONTI 7 was not associated with a surname in this context, and therefore could not be understood as referring to someone’s name. It returned the matter to the NBPR for reexamination.

As refusals issued on the basis of to surnames often may be very difficult to overcome in Finland, new and divergent views in the examination of marks are a welcome change.

\textbf{FRANCE}

\textbf{I.D.1. Similarity of Marks}

Pilot Corporation of America brought a trademark infringement action against Mattel France, S.A. before the Court of First Instance of Paris. Pilot claimed that Mattel was infringing its French and Community trademarks MAGNA DOODLE, which cover the well-known magnetic drawing board toy.

Formerly, Mattel was Pilot’s exclusive worldwide licensee for the MAGNA DOODLE trademarks. Despite the fact that the

\textsuperscript{409} Case No. 2003/T/182 (Board of Appeal, Patent Office, December 28, 2005).

\textsuperscript{410} Case No. 2003/T/121 (Board of Appeal, Patent Office, December 20, 2005).
contract was no longer in force, Mattel continued to market, notably in the United States and France, the magnetic drawing boards, changing the mark from MAGNA DOODLE to DOODLE PRO. In response, Pilot brought an action for trademark infringement at the U.S. District Court in Connecticut; with respect to those acts it alleged were committed in France, the matter came under French jurisdiction.

Pilot claimed that its MAGNA DOODLE trademarks were infringed in France. The company also claimed that Mattel’s overall trade dress was creating confusion with Pilot’s own packaging, and consequently it sought compensation for damages on the ground of unfair competition.

With respect to trademark infringement, the Court determined the likelihood of confusion by assessing the visual, phonetic, and conceptual similarities of the marks at issue. From both a visual and a phonetic perspective, the word DOODLE was the common element. The Court found that, conceptually, DOODLE was not understood by the average French consumer; therefore, it rejected Mattel’s argument that in the French language the word was descriptive. It based its reasoning on well-established case law holding that the meaning of a word in a foreign language is never considered in the determination of descriptiveness. Rather, French courts focus only on the understanding of the word by the average French consumer, regardless of whether the word has a proper meaning in the foreign language.

Regarding the term MAGNA, the Court did not accept Mattel’s argument that this was a reference to a magnetic phenomenon from the French consumer’s point of view. It found that MAGNA referred instead to the Latin word *magnum* (“great, tall”). The Court then deduced that there was a risk of association with the term PRO (which means “professional” in French), since the two words are laudatory terms. In view of these elements, the Court’s conclusion was, logically, that the use of the mark DOODLE PRO infringed the MAGNA DOODLE trademarks.

The Court dismissed Pilot’s unfair competition claim. In fact, it referred to the termination clause of the former licensing agreement, which mentioned that at the expiration of the agreement any use of the trademark was prohibited, although Mattel was authorized for 180 more days to sell off its stock bearing the trademark. However, any sales made by Mattel (without the trademark’s being opposed) after these 180 days were


412. Pilot Corp. of America v. Mattel France, S.A., Case No. RG 05/00811 (Court of First Instance of Paris, 3d Chamber, 2d Section, October 27, 2006) (unpublished).
considered valid, notwithstanding the fact that the packagings were similar as they were created by Mattel.

This ruling was all the more favorable to Pilot when one considers that the company did not even invoke the possible well-known character of its trademark in France in support of its position.

From the date of the Court’s decision, Mattel was prohibited from marketing the products, under a penalty of €500 per infringement. The judgment was enforceable immediately, notwithstanding its provisory character. Mattel France has filed an appeal against the decision.

Confiserie Leonidas S.A. is the owner of the complex trademark LEONIDAS, covering chocolate products (see below).

Pralibel N.V. registered the word mark BELIDAS, which it used in commerce on identical goods.

The Court of Appeal of Paris found that Leonidas’s mark was infringed by Pralibel’s mark.\footnote{Confiserie Leonidas S.A. v. Pralibel N.V., Pralifood N.V. & Auchan France S.A., Case No. RG 2003/16692 (Court of Appeal of Paris, 4th Chamber, Section B, January 21, 2005) (unpublished).} Its decision was based on the identical nature of the goods covered and the similarities between the word elements of the marks, the word LEONIDAS being predominant (and reproduced) within the complex mark; the device element, representing a Greek warrior, would not be predominant in the consumer’s mind. The risk of confusion was further reinforced by the well-known character attributed to the trademark LEONIDAS.

The Supreme Court reversed this decision.\footnote{Case No. RG 05/13927 (Supreme Court, Commercial Chamber, February 20, 2007), available at www.legifrance.gouv.fr.} It held that the Court of Appeal did not take into account the marks as a whole, with all the relevant considerations, in evaluating the risk of confusion. Thus, the appellate court limited its evaluation to the similarities between word elements and did not indicate why the elements of the complex mark LEONIDAS other than the word part were not significant. (The reference to a warrior, even if not dominant, was, the Supreme Court held, not necessarily devoid of distinctiveness—the specific lettering could have an impact.)
In accordance with French court procedures, the Supreme Court sent the case to another appellate court to have that court decide the case again on the merits.

It is interesting to note that the Supreme Court drew attention to the need to evaluate globally the risk of confusion between two marks; no element should be overlooked when analyzing them.

The company Fotovista SA offers digital photo development services online through its website, pixmania.com. The company owns several registered trademarks PIXMANIA, designating cameras, products in relation to photography, and photo development services. Fotoways became aware that the company Photoways France had registered the website pixdiscount.com in 2004 and had registered the trademark PIXDISCOUNT for photographic development services.

At trial, Fotovista argued that the registration of the later-registered trademark PIXDISCOUNT was infringing its rights in its PIXMANIA marks and that Photoways was committing acts of unfair competition by imitating the plaintiff’s website.

The Court of First Instance of Paris held that the trademarks were confusingly similar. It found that this similarity resulted from the dominant element PIX, which was, at the time the PIXMANIA trademarks were registered, distinctive for cameras and photographic development services. The Court also found that Fotovista had built a commercial policy around the prefix PIX- that had contributed to distinguishing the company from others. It held not only that the registration and use of the trademark PIXDISCOUNT infringed the PIXMANIA marks, but that the fact that the PIXDISCOUNT mark had adopted their graphic characteristics was also relevant. With regard to the acts of unfair competition, the Court held that Photoways’ website had a presentation similar to that of Fotovista, and consequently its registration constituted an act of imitation.

Surprisingly, the Court did not assess the trademarks as a whole but isolated the element PIX from the rest of the mark. This was a departure from Community case law, which has developed the criterion of the “overall impression” of the trademark. In doing so, the French judge conferred a dominant and distinctive character on the element PIX. The judge assessed the distinctiveness of the PIXMANIA trademarks and of the element PIX at the date at which the trademarks were registered, that is, in 2000. Although the term “pixel” has been part of the French language since the 1980s, it has been known by the public only recently. Were the trademark PIXMANIA to be applied for now, it

is not certain that distinctiveness would be recognized in the prefix PIX- for products and services in relation to digital photography, as the consumer will certainly link the prefix PIX- with the word pixel.

**I.F. Famous and Well-Known Marks**

The French State is the owner of the complex trademark VICHY CÉLESTINS, which covers mineral and aerated waters coming from a spring called Les Célestins, in the city of Vichy. It granted a franchise to a subsidiary, CFV, to operate Vichy's thermal bath services and activities, including the mineral waters coming from the spring. Together with its franchisee, the French State brought a claim for trademark infringement against the Spanish company Vichy Catalan SA and two French companies, Iberco SA and IBB, which commercialized bottled water under the mark VICHY CATALAN in France. The Versailles Court of Appeal held that there was no trademark infringement, but its decision was overturned by the Supreme Court, which sent the case back to the Paris Court of Appeal for a hearing.\(^416\)

In accordance with Article L. 711-2(b) of the French Intellectual Property Code (IPC), marks or denominations designating a characteristic of a product or a service (notably the geographic origin) are devoid of distinctive character.\(^417\) However, Article L. 711-3 stipulates that the distinctive character can be acquired by use.

The term “Vichy” identifies the product’s origin as consumers have associated the town with mineral waters and thermal baths since the end of the 19th century. The continuous and intensive use of the term “Vichy” has given it a distinctive character as it appears in the complex mark VICHY CÉLESTINS.

The Court found that the trademark VICHY CATALAN infringed the trademark VICHY CÉLESTINS because the risk of confusion was visually, phonetically, and conceptually established. Consumers would certainly be led to think that the second mark was a derivative of the first one and that the mineral waters offered under the trademark VICHY CATALAN had the same

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\(^{417}\) Article L. 711-2(b) provides:

The distinctive nature of a sign that is capable of constituting a mark shall be assessed in relation to the designated goods or services.

The following are lacking in distinctive character: . . . [s]igns or names which may serve to designate a feature of the product or service, particularly the type, quality, quantity, purpose, value, geographical origin, [and] time of production of the goods or furnishing of the service. . . .
origin as those commercialized under the trademark VICHY CÉLESTINS.418

The company Cartier has been selling its well-known TANK watch, created in 1919 by Louis Cartier, for more than 80 years. In 2002, Cartier obtained a bailiff’s report attesting that a watch referred to as “variations-tradition,” which was illustrated in the catalog of the company Raymond Weil (a Genevan watchmaker) and was being sold in a Parisian shop, was the exact reproduction of the TANK watch.

Cartier brought an action for unfair competition and parasitism. The Paris Court of Appeal considered that the watch commercialized by Raymond Weil slavishly imitated the characteristics of Cartier’s TANK watch.419 The placement of the trademark RAYMOND WEIL on the defendant’s watch was not sufficient to distinguish it from Cartier’s well-known one. Raymond Weil was found to have been misappropriating trade values, as it had followed in Cartier’s wake for many years in order to benefit from the prestigious character of the TANK watch.

This decision illustrates a certain evolution of French case law, which now seems to substitute business interests for intellectual property rights when they have lapsed. Cartier no longer has design rights in the TANK watch, but the Court insisted on emphasizing the attack on the trade value of this product because it was a famous watch marketed by a well-known company.

The decision may be criticized, on the one hand, because the expiration of an intellectual property right should not allow its owner to claim any further protection, and, on the other hand, because the trade value of a watch commercialized since 1919 could be seen as exhausted. The fact that the maker is a well-known company and the product is famous is not, however, a sufficient basis for defending the trade value of a watch created practically a century ago.

The well-known French company Decathlon S.A., which has a chain of sport shops, became aware of the existence of the domain name decathlon.pl, filed by a Polish group whose website mentions the term “decathlon” in association with cartoons of a vulgar or sexual character having captions that hold sportsmen practicing decathlon sports up to ridicule.

The Court of Appeal of Paris stated that a trademark, even famous, that consists of a common term cannot be infringed by the

use of said term in a customary way. Thus, in the absence of any other reference to the distinctive marks of the company, the use of the term DECATHLON to taunt decathlon activities did not denigrate the company of the same name, even if well known because no link had been established between the contested term and the company concerned.\textsuperscript{420}

This decision is in line with French and Community case law, under which the owner of a trademark consisting of a common term can forbid the use of such term as a trademark, but not when the term is used in its everyday sense and does not designate goods or services. In the present case, the well-known character of the trademark did not persuade the judges to modify their position.

The decision could make the marketing and advertising departments of companies more imaginative by forcing them to avoid the use as trademarks or company names of words belonging to their sphere of activities.

\textbf{I.I. Licensing}

The company Morgan SA enjoys a reputation in France with regard to fashion clothes for young adults and adults. It owns several trademarks, including the denomination MORGAN, designating clothing in Class 25. Mr. Morgenszttern owns the prior-registered trademark H MORGAN INTERNATIONAL, also covering, \textit{inter alia}, clothing.

In 1993, Morgan, Mr. and Mrs. Morgenszttern, and the company H Morgan International reached an agreement regarding the coexistence of the above-mentioned trademarks. The agreement foresees that the trademark H MORGAN INTERNATIONAL can be used only in connection with children’s clothing for children up to 16 years of age, and only in either the form in which it was registered or capital letters. An endorsement was made to this agreement authorizing the Morgensztterns to use the denomination MORGAN in connection with clothing for children up to 16 years old.

In 2002, the Morgensztterns and H Morgan International concluded a licensing agreement authorizing the company Celton Ltd. to use the trademark H MORGAN INTERNATIONAL. Celton reached a licensing agreement with the company Folia SA regarding the use of the trademark.

In 2004, Morgan became aware that clothing bearing the mark H MORGAN INTERNATIONAL, with H MORGAN written in a predominant manner, was being sold by Folia. This use was not in accordance with the provisions of the 1993 agreement. Morgan

\textsuperscript{420} Decathlon S.A. v. Valley S.A., Case No. RG 05/10319 (Supreme Court, Commercial Chamber, February 20, 2007), available at www.legifrance.gouv.fr.
initiated a judicial action for trademark infringement against Folia, which had put the clothing bearing the contested mark on the market.

The first instance ruling,\(^{421}\) which was affirmed by the Court of Appeal,\(^{422}\) upheld the claim introduced by Morgan. Folia had to respect the agreement concluded between the Morgenszterns, H Morgan International, and Morgan in 1993, which was referred to in the licensing agreement between Celton and Folia. Folia could not invoke the endorsement concluded between Morgan and the Morgenszterns allowing the latter to use the denomination MORGAN subject to certain restrictions, as that endorsement did not apply to possible licensees of the Morgenszterns. The courts held that Folia was guilty of unfair competition, along with infringement of the trade name and company name of Morgan SA.

If this decision is fair with regard to the respect of loyal business relationships, it is nevertheless a quite surprising ruling, as it combines trademark infringement with contractual liability: the non-respect of the agreement was considered by the judge to constitute trademark infringement, and the defendant was found guilty through application of trademark law.

**II.C.1.g. Two- and Three-Dimensional Marks**

This case illustrates a sort of epilogue in a dispute determining the validity of three-dimensional marks depicting functional components.

Philips, the owner of three-dimensional trademarks showing shapes of three-cutter rotary shaver heads, brought an action against the Rayovac company for trademark infringement.

In its answer, Rayovac argued that the marks at issue lacked distinctiveness because such marks constituted the necessary shape and fulfilled the necessary function of the goods, which was to shave men’s faces and bodies. The defendant counterclaimed for cancellation of the French parts of Philips’s International Registrations.

The Court of Appeal of Paris\(^{423}\) relied on Article L. 711-2(c) of the IPC\(^{424}\) and under the consideration that the three rotary heads


\(^{423}\) Case No. RG 2003/14961 (Court of Appeal of Paris, 4th Chamber, Section A, February 16, 2005), PIBD No. 808, III, p. 312 (May 15, 2005).

\(^{424}\) Article L. 711-2(c) provides:

The distinctive nature of a sign that is capable of constituting a trademark shall be assessed in relation to the designated goods or services.
of Philips’ trademarks for electric rotary shavers were essentially made up of functional components, which did not differ from those usually used to manufacture electric shavers. Consequently, the Court ruled that the trademarks for which protection was sought were devoid of any distinctive character.

Philips took the case to the Supreme Court. The Supreme Court rejected the petition and held that the marks were invalid. It relied basically on two elements:

1. The rules from Article L. 711-2(c), which had led to the lower court’s decision; and
2. The European Court of Justice’s decision in the Philips case, rendered on the merits of Article 3.1.e of the EC Trademarks Directive.

This decision confirms that a mark that is made up exclusively of functional components cannot be registrable if such functional components are essential to achieve a technical result.

By affirming the court of appeal’s decision, the judges of the Supreme Court reinforced the position drawn by the ECJ judges in the matter of application of distinctiveness for three-dimensional trademarks essentially made of functional components, resulting from technical combination.

The Supreme Court’s decision brought to an end a dispute that had lasted almost six years.

II.C.3. Geographical Indications/Appellations of Origin

In 1979, the company Aoste registered the trademark AOSTE for “prepared meat products, ham.” Aoste filed a trademark application for AOSTE EXCELLENCE, to cover the same goods, in 2000. In the interim, in 1996, two designations of origin for Valle

The following lack distinctive character: (c) Signs exclusively constituted by the shape imposed by the nature or function of the product or which give the product its substantial value.


The following shall not be registered or if registered shall be liable to be declared invalid: . . . signs which consist exclusively of:

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which gives substantial value to the goods. . . .
were registered for identical goods.428 (The Valle d’Aosta is a region of Italy bordering France.)

The French Trademark Office refused to register the applied-for mark AOSTE EXCELLENCE, based on Article L. 711-4 of the IPC.429 However, and surprisingly, the Lyons Court of Appeal held that the trademark AOSTE EXCELLENCE was derived from the famous prior-registered mark AOSTE and therefore was not deceptive vis-à-vis the Valle d’Aosta designations of origin (the full names of which are Valle d’Aosta Jambon de Bosses and Valle d’Aosta Lard d’Arnad) because the application did not designate the exact protected designations of origin.430

The Supreme Court overturned the latter decision. It found that the trademark application for AOSTE EXCELLENCE was filed subsequent to the registration of the Valle d’Aosta designations of origin, from which it reproduced the element AOSTE. In addition, the Supreme Court found that the applied-for mark was evocative of the origin of the goods, which were identical.431

This decision is a strict application of the Council Regulation concerning the protection of geographical indications and designations of origin for agricultural products and foodstuffs.432 The fact that a previous designation of origin exists is sufficient to lead to a new application’s being refused without the need to prove any risk of confusion. This case illustrates the danger when choosing geographical marks.

II.C.5. Certification Marks

AFNOR (Association Française de Normalisation), the French standardization body, draws up, approves, and promotes standards in France. It owns the semigraphic trademark NF, registered in 1942.

Since 2005, a Canadian company, Smartpool Inc., had been reproducing the trademark NF in advertisements and on packaging of its trademark POOLEYE and had made reference to AFNOR standards to present its products on the Internet, without the authorization of the Association.


429. Article L. 711-4(d) of the IPC provides: “Signs may not be adopted as marks when they infringe earlier rights, particularly . . . [a] protected appellation of origin. . . .”


AFNOR brought a legal action against Smartpool based on infringement of its mark NF together with misleading advertising and fraud. The Canadian company emphasized that it had proceeded with tests that established the conformity of its products with the standards mentioned on those products.

The Court of First Instance of Paris recognized infringement through reproduction of the NF trademark without authorization and civil liability based on misleading advertising and fraud.433

Indeed, the products commercialized by the Canadian company were in accordance with the NF standards (NF could have been mentioned simply as a matter of information) but had not received the certification “NF” delivered by AFNOR and authorizing the use of the NF trademark itself.

In a previous judgment434 the same court had ruled that the defendant used the AFNOR trademark not to identify goods or services but to designate the Association and take advantage of its recommendations. It was therefore not used as a trademark, and the judge refused to condemn the defendant for infringement but instead found that it was liable for misleading advertising.

Unlike that judgment, the present ruling extended the field of application of trademark law for certification marks. The NF trademark is registered for all classes, so its protection covered the goods concerned by the defendant. The judge pointed out that the function of a trademark is to distinguish goods or services and that its reproduction is wrongful.

As to certification marks, however, a question of enhanced prestige can arise: is their purpose to distinguish goods and services or to indicate the existence of a certification?

AFNOR has to monitor the use of standards it has drawn up, but is it the province of trademark law to punish illicit use of such standards? When the judge orders a defendant to repair an injury resulting from the illicit use of the trademark NF, who is the victim, AFNOR or the consumer?

II.D.2. Deceptive

The well-known French model Inès de la Fressange continues her dispute with the company IF2, to which she sold the trademarks bearing her name. After she had been dismissed by the company, Ms. Fressange brought an action against it for forfeiture of the marks on grounds of deceptive use. The Court of


Appeals of Paris held that the trademarks were deceptive, and declared them forfeit.\textsuperscript{435} This decision was invalidated by the Commercial Chamber of the Supreme Court.\textsuperscript{436} The Supreme Court based its argumentation on civil law to dismiss the arguments claiming deceptive use of the trademarks, which could lead to a likelihood of confusion. The Court held that it was not possible for Ms. Fressange to bring the cancellation action for forfeiture on the basis of deceptive use, as she was bound by the warranty of the seller against dispossession, in accordance with Article 1628 of the French Civil Code.\textsuperscript{437} It declared that she was not allowed to file an action that could compromise the peaceful use of the trademarks by the new owner. As evidenced by this decision, civil law prevailed over trademark law regarding the right to be entitled to act.

This decision can be compared with the decision of the European Court of Justice (ECJ) issued two months later, in a case the facts of which are similar to those in the matter concerning Inès de la Fressange. In dismissing the plaintiff’s claim, the ECJ argued that

a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark may not, by reason of that particular feature alone, be refused registration on the ground that it would deceive the public, within the meaning of Article 3(1)(g) of Council Directive 89/104/EEC of 21 December 1998 [the EC Trademarks Directive], in particular where the goodwill associated with that trade mark, previously registered in a different graphic form, has been assigned together with the business making the goods to which the mark relates.\textsuperscript{438}

It is interesting to consider whether, if the ECJ had rendered its decision earlier than the Supreme Court, the French court would have followed the ECJ’s ruling or whether it would nevertheless have based its arguments on the warranty of the seller.

\begin{footnotes}
\footnote{436. Case No. RG 05/10116 (Supreme Court, Commercial Chamber, January 31, 2006), available at www.legifrance.gouv.fr.}
\footnote{437. Article 1628 of the French Civil Code provides: “Although it is said that the seller may not be subject to any obligation, he nevertheless remains liable to that which results from an act which is his own; any agreement to the contrary is void.”}
\end{footnotes}
In view of these decisions, it seems that the name of a well-known person, having a material value, is clearly distinct from the person bearing that name.

II.I. Post-Registration Evidence of Use and Renewals

The Supreme Court, by way of three decisions issued the same day, specified what may constitute a “genuine use” of a trademark.\textsuperscript{439}

Article L. 714-5(b) of the IPC provides that the use of a mark in a modified form that does not alter the distinctive nature of the mark may constitute a genuine use.\textsuperscript{440} Traditionally, case law considered that the use of a later, similar trademark could not be considered as a genuine use of a prior trademark.\textsuperscript{441}

The fact pattern of one of the three cases in question is as follows. An individual was the owner of a device trademark representing a stylized smiley face (below, illustration at left). This trademark had been registered in 1971 for, in particular, games, toys, and gymnastic articles. Together with his licensee, Smiley Licensing Corporation Ltd, the individual brought a claim for trademark infringement and unfair competition against the French company Pierre Import France, which manufactured and distributed balls bearing the “smiley” registered trademark. The defendant counterclaimed for cancellation of the plaintiff’s trademark for non-use.

In reply, the plaintiffs furnished evidence of use of a later-registered trademark that was similar to the one registered in 1971 (below, illustration at right).

\textsuperscript{439} (a) Mr X . . . & Sté Smiley Licensing Corporation Ltd v. Sté Pier Import Europe, Case No. RG 03/18732 (Supreme Court, Commercial Chamber, March 14, 2006), Dalloz [2006] No. 13, p. 917; (b) Sté Playboy Enterprises International v. Sté Établissements Laporte, Case No. RG 03/20198 (Supreme Court, Commercial Chamber, March 14, 2006), 2006 Bull. Civ. IV, No. 71, p. 70; and (c) Sté Trader Classified Media v. Sté Centrale Directe, Case No. RG 04/10971 (Supreme Court, Commercial Chamber, March 14, 2006), 2006 Bull. Civ. IV, No. 70, p. 69.

\textsuperscript{440} Article L. 714-5(b) provides:

An owner who has not put his mark to genuine use in connection with the goods or services referred to in the registration during an uninterrupted period of five years, without good reason, shall be liable to revocation of his rights.

The following shall be assimilated to such use: . . . Use of the mark in a modified form which does not alter its distinctive nature. . . .”

The Court of Appeal of Paris, in line with prevailing case law, held that the use of a trademark similar to the vulnerable trademark that is the subject of a cancellation action does not constitute a use of that trademark.\textsuperscript{442} The Supreme Court overturned the Court of Appeal's decision, ruling that the use of a later-registered trademark could constitute a genuine use of a prior-registered trademark.

The Supreme Court took into consideration the fact that allowing a trademark to lapse constitutes a penalty for the owner of that trademark. Therefore, it strictly applied Article L. 714-5 of the IPC, under which the use of a registered trademark in a modified form that does not alter the distinctive nature of the mark is a genuine use. The Court considered that genuine use of the prior-registered trademark could be found even if the mark used in a modified form was a later-registered trademark. In other words, whether or not the second mark is a registered trademark has no effect. Only the alteration of the mark will allow the cancellation action for non-use to be accepted or rejected.

With this decision the Supreme Court departed from previous case law, under which the use of a later-registered trademark that did not alter the distinctive nature of a prior-registered trademark had to be seen as a renunciation of the prior-registered mark. The argument put forward was that by registering trademarks similar to the prior-registered trademark, the owner showed his intention to register trademarks that he considered to be different.

The Supreme Court's decision reinforces the professional practice of acquiring similar trademarks in order to have the strongest possible protection of the prior-registered trademark. Owners of vulnerable trademarks may now have less hesitation in bringing judicial actions based on those trademarks, provided, of course, they will be able to show a genuine use of the marks.

III.A.2. Passing Off

The French company Établissements Propack, registered since 1973 on the Company Register, is active in the field of distribution of industrial equipment. Every two years it takes part in a packaging Trades Fair. In 2004, the company discovered that another firm, Propack Sarl, was also registered as a participant in this fair.

Établissements Propack brought a judicial action for unfair competition against Propack Sarl, requesting that the latter be prohibited from using the trade and company name Propack. The Commercial Court of Paris rejected the claim, holding that the exact fields of activity of the companies were not the same, the first one being registered for the distribution of machines for industrial packaging, the second one for the sale and purchase of packaging. 443

The Court of Appeal of Paris overturned this decision. 444 Its reasoning was close to the argument developed in a trademark infringement action. The Court held that the term Propack was the dominant element in the company name Établissements Propack, Établissements (“businesses”) being non-distinctive. It found that the relevant public identified the company with the name Propack and further that, even if the lines of business were not exactly the same, they were similar because both companies were active in the same field of industrial packaging and shared a common customer base. This was demonstrated by the fact that both companies were attending the same fair. As a result, there was a likelihood of consumer confusion, which was strengthened by the geographical proximity of the head offices.

Although the protection of company and trade names does not result from the IPC but is founded on civil law, it is influenced more and more by the application of trademark law.

III.A.5. Domain Names

Le Tourisme Moderne, a company active in the field of tourism, is the owner of the registered trademark LOCATOUR (notably for “telecommunications” in Class 38) and the domain name locatour.fr. The company became aware of the existence of the domain name locatour.com (with an active website), which had been obtained by the company Soficar (Société des Fibres de Carbone), operating in a different field of activity, after the LOCATOUR trademark had been registered.

The Supreme Court ruled that a domain name infringes a prior-registered trademark only if the goods or services offered on the corresponding website, which should be active, are identical or similar to the ones specified in the mark, so that there is a risk of confusion in the consumer’s mind as to the source of those goods or services.

In the present case, the activity of the companies was different because the website locatour.com was inactive. As a consequence, the Court rejected the claim for infringement by Le Tourisme Moderne.445

With this decision, the Supreme Court departed from previous case law, under which the illicit reproduction in a domain name of a registered trademark covering services in Class 38 (as a medium of use of the trademark, the real nature of the goods or services having no link to telecommunication services) would have constituted an infringement of the prior-registered mark. For the first time, the Supreme Court recognized that if Class 38 does not represent the real nature of the goods or services, it does not give the trademark owner enforcement rights in its trademark as against an identical domain name. This decision clarifies the application of the specialty principle of a trademark on the Internet.

In 2001, the city of Paris initiated a project called PARVi Paris Ville Numérique to sustain the development in Paris of digital technology.

An association called Paris-sans fil obtained the registration of the trademark PARIS-SANS FIL in Classes 35, 38, 41, and 42.446 In addition, the association registered the domain names paris-sansfil.info, paris-sansfil.fr, paris-sansfil.org, and paris-sansfil.com, all of which were dedicated to Wi-Fi technology.

The Court of First Instance of Paris cancelled the registration and ordered the association to change its name and cancel its domain names.447 It held that the name Paris-sans fil detracted from the rights of the city of Paris in its name, as there was a risk of confusion between Paris-sans fil’s activities and Paris’s own efforts, attributions, and activities in the field of high technology.448

446. Registration No. 033223435, filed December 5, 2003.
448. Article L 711-4(h) of the IPC provides: “A sign cannot be adopted as a trademark if it is detrimental to earlier rights, such as among others: . . . (h) the name, image or reputation of any territorial entity.”
The Court also found a guilty character to the acts of the Paris-sans fil association, which was the basis of civil liability.

This judgment complies with case law in the field of domain name litigation involving the name of a territorial entity. The existence of a risk of confusion is the condition required to obtain the cancellation or transfer of a litigated domain name. However, in a similar case decided a few months previously, the Court of First Instance of Nanterre held that the existence of the domain name levallois.tv did not present any risk of confusion with the official website of the city of Levallois.449 Probably Paris’s prestige has been considered higher than that of Levallois, a close suburb of Paris.

III.A.6.b. Hyperlinks

The company Atrya, owner of the French and international trademarks TRYBA, covering doors and windows, became aware that a search on the GOOGLE Internet search engine under the words “Tryba” and “Triba” led to hyperlinks of two competing companies, Distri.k and Techni Fenêtres.

Atrya introduced proceedings against Distri.k and Techni Fenêtres as well as Google France. It alleged trademark infringement and unfair competition.

The Court of First Instance of Strasbourg held that the use of “Tryba” and “Triba” as an invisible key word did not create a likelihood of confusion of the consumer and did not constitute trademark infringement. The Court followed with approval the plaintiff’s argument with regard to unfair competition in determining that Distri.k and Techni Fenêtres were profiting from the reputation and fame of the TRYBA trademark.450

Regarding the liability of the GOOGLE search engine, the Court rejected the claim for unfair competition, holding that Google France was not active in the same field of activity as Atrya. Application of the LCEN law451 was made by the Court. The provisions of this law foresee that civil liability of a legal entity storing illicit data for online services cannot be found when either (1) the entity has not been aware of the illicit character of those data or (2) it has been aware of such illicit character but has promptly carried out the necessary steps to withdraw the data or to stop access thereto. The Court considered that Google France had acted diligently and seriously. In particular, Google France


450. Atrya v. Google France et al., Case No. RG 05/3979 (Court of First Instance of Strasbourg, 1st Chamber, July 20, 2007), available at www.legalis.net.

had added the words Tryba and Triba to its trademark monitor lists of registered trademarks in order to prevent the use of such trademarks. Consequently, the Court rejected the claim brought by Atrya.

This decision is in line with the minority of cases in which the court has applied the provisions of the LCEN law. It may therefore give defendants some protection against unjustified claims brought by plaintiffs that request major damages without justifying them and take advantage of case law developed earlier by French jurisdictions. However, because these rulings were made by Courts of First Instance, they will have to be monitored to see whether, where an appeal has been filed, the first instance decision is upheld.

III.D.2. Equitable Defenses

The French publisher Hachette Filipacchi is owner of the trademark PARISCOPE, which is well known by Parisians because it designates a weekly referencing all the events in the French capital. Hachette initiated an infringement action against the company Espace Group, which in 1993 registered, for identical and/or similar goods and services, the trademark LYON SCOPE, referring in this way to the second city of France, Lyon.

The defendant claimed that the plaintiff had tolerated the use of its trademark LYON SCOPE for a period of five years, thereby rendering its claim of infringement inadmissible on the basis of Article L. 716-5 of the IPC. The decision of the Court of Appeal, which rejected the infringement action on that ground, was dismissed by the Supreme Court.

Article L. 716-5 sets two cumulative conditions for rendering infringement and cancellation actions inadmissible:

1. The owner of the later-registered trademark filed its trademark application in good faith; and
2. The owner of the prior-registered trademark tolerated the use or registration of the later-registered trademark for five years.


453. Article L. 716-5 provides, in pertinent part: “Any proceedings for infringement by a later registered mark of which use has been tolerated for five years shall not be admissible unless the registration was applied for in bad faith. However, non-admissibility shall be limited to those goods and services for which use has been tolerated.”


With regard to the second condition, the five-year period of tolerance is to be understood as starting from the date when the owner of the prior-registered trademark became aware of the use or registration of the later-registered trademark. This starting point does not correspond to the filing date of the application for the later registration. The difficulty lies in the fact that the starting point of the five-year period of tolerance has to be demonstrated by the defendant that invokes Article L. 716-5.

The Supreme Court ruled that the owner of the later-registered trademark, Espace Group, had not furnished proof of the circumstances in which, it claimed, Hachette Filipacchi had become aware of the use of the LYON SCOPE mark. The Court dismissed the argument raised by the defendant and held that the plaintiff’s infringement action was admissible.

Whereas Article L. 716-5 should act to penalize the owner of a prior-registered trademark that remained passive regarding the use of a later-registered trademark, the application, as in this case, of the second condition of Article L. 716-5 in fact operates to penalize the owner of the later-registered trademark.

III.D.2.c. Laches

Les Établissements Nicolas is active in the trade of wine and liqueur. The company owns the French word mark LES PETITES RECOLTES (“the little harvest”), designating alcoholic beverages in Class 33. This trademark was registered in 1993 and is used for domestic wines and AOC (appellation d’origine contrôlée) wines (wines having a registered designation of origin).

In 2002, Les Établissements Nicolas became aware that the company Inter Caves was offering for sale a line of domestic wines and AOC wines under the denomination LES PETITES VENDANGES (“the little grape harvest”). It appears that this denomination had been registered as a trademark, covering wines, in 1997. Further, Les Établissements Nicolas discovered that a figurative mark, LES PETITES VENDANGES, also for wines, had been registered in May 2002 by the company Codivia Rhône.

Les Établissements Nicolas brought a judicial action for trademark infringement against Inter Caves and Codivia Rhône. The argument raised by the defendants relied on the fact that the claimant had tolerated the use of the trademark LES PETITES VENDANGES since March 1997, the month of registration of this trademark. At the core of the dispute was the starting point of the five-year period of tolerance for purposes of the application of Article L. 716-5 of the IPC.456 The resolution of the conflict depended on the following points:

456. The fourth paragraph of Article L. 716-5 provides: “Any proceedings for infringement by a later registered mark of which use has been tolerated for five years shall
Was the defendant’s use of the trademark LES PETITES VENDANGES tolerated by the plaintiff during the five-year period starting from the registration date of this trademark? In this case, the tolerance would be held against the plaintiff, and its claim would be rejected because the trademark was registered in March 1997.

Was the starting point of the five-year period of tolerance the date at which the plaintiff became aware of the defendant’s use of the trademark LES PETITES VENDANGES? In this case, the court would consider that the plaintiff did not tolerate the use of the trademark, and therefore its claim should be declared admissible.

The Court of First Instance of Créteil admitted the infringement action, but the Court of Appeal of Paris overturned the decision. The issue was finally settled by the Supreme Court. It held that the Court of Appeal did not determine at what date the plaintiff became aware of the use of the trademark LES PETITES VENDANGES. The fact that the companies were in the same field of activity, were in competition with regard to the same customers, and consequently were particularly attentive to their respective commercial practices was not considered sufficient proof that Les Établissements Nicolas was aware of the use of the mark LES PETITES VENDANGES at the registration date.

The Supreme Court ruled that the first instance judges failed to determine whether the plaintiff was aware of the defendant’s use of its trademark. According to this ruling, the starting point of the five-year period of tolerance is the date at which the owner of the prior-registered trademark became aware of that use. This decision creates judicial insecurity for trademark applicants and strengthens the rights of owners of prior-registered trademarks.

### III.F.2. Lapsing of Registration

The company Douce France requested the cancellation for non-use of the trademark LA HUTTE, designating textile, leisure, and sport articles, owned by the company Intersport. The plaintiff’s activity consisted of the acquisition and assignment of trademark licenses. The Court of Appeal of Paris rejected the claim, holding

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that the plaintiff failed to demonstrate that it had an interest in requesting cancellation of this trademark for non-use.\textsuperscript{460}

Article L. 714-5 of the IPC provides that the cancellation for non-use of a trademark can be requested by any interested person.\textsuperscript{461} The plaintiff claimed that it had the intention to develop a range of beauty products, clothes, shoes, and high-quality sport articles. French case law holds that in order to be entitled to request the cancellation of a trademark, the plaintiff should be active in a field of activity similar to that covered by the trademark, so that there is a likelihood of confusion in the consumer’s mind.

The Court found that the plaintiff had no activity related to the textile, leisure, or sport field. Accordingly, it concluded that the plaintiff had not shown an interest in requesting cancellation for non-use. Further, the Court found that the interest demonstrated by the plaintiff was illegitimate, in that the plaintiff was acting with the aim of benefiting from the reputation attached to the vulnerable trademark LA HUTTE.

By requiring a legitimate interest for filing the claim, the Court put an end to the former laxity concerning the conditions for bringing an action for cancellation for non-use. This may avoid future illegitimate or abusive judicial actions for cancellation for non-use. It may also put an end to the practice, developed by certain companies, of trying to acquire non-used trademarks that had acquired a certain reputation in the past in order to assign them and to benefit from their past reputation.

**GERMANY**

**I.C. Distinctiveness**

The German Patent and Trademark Office partially refused registration of the trademark SPORT, for “meat extracts, milk and milk products, beers, mineral waters and waters with gas [i.e., sparkling waters], and other non-alcoholic beverages, fruit beverages and fruit juices, syrups and other supplements for the preparation of beverages” in Class 30. It held that the mark was not distinctive for all goods applied for except beers. The consumer was informed only about the fact that the goods would serve as a dietary supplement, or as sport nutrition. Therefore, the term “sport” was not registrable because of the need to keep it free for


\textsuperscript{461} Article L. 714-5 provides, in pertinent part: “An owner who has not put his mark to genuine use in connection with the goods or services referred to in the registration during an uninterrupted period of five years, without good reason, shall be liable to revocation of his rights. . . . Revocation may be requested in legal proceedings by any concerned person. . . .”
common use by third parties. With respect to beers, even the absolute bar to registration provided by Section 8(2) No. 4 of the German Trademark Act was relevant.\footnote{Law on the Protection of Trade Marks and Other Signs of October 25, 1994, as amended. Section 8(2) No. 4 provides: “The following shall not be registered: trade marks which are of such a nature as to deceive the public, in particular, as to the nature, quality or geographical origin of the goods or services.”} Alcoholic beverages, such as beers, cannot be viewed as a dietary supplement.

Upon appeal by the applicant, the German Federal Patent Court confirmed the Office’s decision in consideration of all the applied-for goods except meat extracts.\footnote{Case No. 32 W (pat) 99/04 (German Federal Patent Court, December 6, 2006) (SPORT).} The Court held that the term “sport” was merely descriptive, pursuant to Section 8(2) No. 1 of the Trademark Act.\footnote{Section 8(2) No. 1 provides: “The following shall not be registered: trade marks which are devoid of any distinctive character with respect to the goods or services.”} The relevant trade circles and consumers would understand the term as an indication that the labeled product was a dietary supplement for athletes, because “milk and milk products, non-alcoholic beverages and fruit beverages” often are used in association with sports. This also applied to beers, because advertising and commercials often describe non-alcoholic beers as sport beverages.

The registration of other marks using the term “sport” in association with the relevant goods was not a justification for the registration of the trademark SPORT by the applicant. The protectability of a mark is a legal question that is not left to the Court’s discretion to decide.

The German Federal Patent Court did not confirm the refusal of registration regarding meat extracts. It held that for those goods the term “sport” was an identification of origin and had a minimum of distinctiveness.

The Patent and Trademark Office refused registration of the trademark CASHFLOW, applied for to cover “software made for training on financial affairs, namely software for game programs for computers and other devices, including software available via Internet and Intranet; provision of computer games for training on financial affairs, accessible over global computer networks and Intranet” in Classes 9 and 41. The Office held that the term “cashflow” was not distinctive in regard to the claimed goods and services.

On appeal, the Federal Patent Court confirmed the decision.\footnote{Case No. 25 W (pat) 9/05 (German Federal Patent Court, January 11, 2007) (CASHFLOW).} It held that the term was not registrable because of a lack of distinctiveness, pursuant to Section 8(2) No. 1 of the Trademark Act. According to the Office, the term “cashflow” was a
combination of the English words “cash” and “flow” that had been assimilated into the common German language. It was understood as referring to a currency spillover for a certain economic period, calculated by comparing income and expenses, and was necessary for evaluating the financial structure of an enterprise. Furthermore, the word “flow” was found in the German language in many word combinations (e.g., dataflow and workflow), in which it was used as a catchphrase to describe certain procedural operations. For this reason, the Court determined that the relevant trade circles and consumers would not understand the term “cashflow” as an identification of origin.

The Court further confirmed the Office’s opinion that the term “cashflow” described only the content of the software and learning programs for which registration was sought. The refused services in Class 41 (“provision of computer games for training on financial affairs, accessible over global computer networks and Intranet”) could be related to a cashflow that was the subject of the services, so that the relevant trade circles and consumers might see the term “cashflow” as relating only to information about content.

Registration of the trademark CONTROL RISKS DEUTSCHLAND, for services in Class 42, was refused by the Patent and Trademark Office. The Office held that the applied-for mark was merely descriptive and not distinctive for the relevant services, in accordance with Section 8(2) No. 1 of the Trademark Act. The applicant appealed the decision.

The Federal Patent Court confirmed the Office’s decision, holding that the term “control risks Deutschland” was not able to serve as a distinctive feature that identified the origin of the labeled services. Distinctiveness of a trademark was to be evaluated in view of the services applied for and the relevant trade circles and consumers, taking into consideration the probable perception of an ordinarily informed, attentive, and judicious consumer. In this case, the trademark consisted of two elements, CONTROL RISKS and the geographical denomination DEUTSCHLAND (“Germany”). The geographical description was not registrable, and CONTROL RISKS, which may mean “to

466. *Inter alia*, “services concerning registration, copying, composing and the systematic organization of written notices about analysis of statistical data, particularly notices and data concerning events and circumstances related to the safety, risks and interests of natural persons and legal persons, enterprises and other institutions; organization of seminars and workshops in the domain of simulation and learning of the theoretical basics to prevent circumstances compromising the security and interests of enterprises and other institutions; accomplishment of security management measures like creation of risk analysis in the domain of personal security, security services, personal security programs made for example for the interior and exterior operation of employees.”

467. Case No. 25 W (pat) 162/04 (German Federal Patent Court, March 8, 2007) (CONTROL RISKS DEUTSCHLAND).
control risks” or “controlling risks,” did not give rise to an ambiguity that rendered that element capable of being protected.\(^{468}\) In relation to the applied-for services, therefore, the term “control risks Deutschland” would be understood by the relevant trade circles and consumers only as a service description, without any identification of origin.

The Patent and Trademark Office refused registration of the trademark SUPER WOCHE (“super week”), for goods in Class 16 and services in Classes 35 and 41, \textit{inter alia}, “printed matter, brochures, newspapers, books, stickers, stationery and office supplies (excepting furniture); market research and analyses; administration of a third business; advertising and commercials.” It held that the trademark was not distinctive. In relation to the goods and services applied for, the relevant trade circles and consumers would understand the term “Super Woche” as a descriptive advice for a weekly date of publication instead of an identification of origin.

Upon appeal by the applicant, the Federal Patent Court confirmed the Office’s decision with respect to all goods and services except those in Class 41 (“stationery and office supplies (excepting furniture); market research and analyses; administration of a third business”).\(^{469}\) Excluding those goods and services, the Court held that the term was not registrable because of a lack of distinctiveness, pursuant to Section 8(2) No. 1 of the Trademark Act. According to the Court, distinctiveness is not accorded a term or a mark when the relevant trade circles will not regard it as an identification of origin. The term “Super Woche” informed them only about temporary, limited events and incidents or special offers. Even when the term was open to interpretation, the relevant trade circles would not consider SUPER WOCHE, in relation to the applied-for goods and services, as a mark of an individual provider.\(^{470}\)

As regards “stationery and office supplies (excepting furniture); market research and analyses; [and] administration of a third business,” the Court held that the term “Super Woche” was not descriptive, in accordance with Section 8(2) No. 2 of the Trademark Act,\(^{471}\) as it did not describe features of those goods and services.

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\(^{469}\) Case No. 32 W (pat) 195/04 (German Federal Patent Court, March 14, 2007) (SUPER WOCHE).

\(^{470}\) See Case No. I ZB 33/97 (German Federal Supreme Court, February 17, 2000), GRUR 882 (2000) (BÜCHER FÜR EINE BESSERE WELT).

\(^{471}\) Section 8(2) No. 2 provides: “The following shall not be registered: trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production
The Patent and Trademark Office refused registration of the trademark MULTICLASSIC, for “gambling and entertainment machines activated by money and cash value means, as well as parts of them, as far as included in International Class 28.” In relation to gambling and entertainment machines, the Office held that the trademark was not distinctive because it was only a reference to classic games, to a classic design, or to a multiple-premium class.

On appeal, the Federal Patent Court reversed the decision. The Court ruled that the term “multiclassic” was registrable and was not barred by Section 8(2) No. 1 or 2 of the Trademark Act, as it did not describe possible features of the goods and did not lack distinctiveness. The term was not composed of marks and information used by the relevant trade circles to describe specifically the relevant goods and services. Consequently, it could not be assumed that registration of “multiclassic” would monopolize marks and information used by others typically to describe goods such as gambling and entertainment machines. In its entirety the term was not comparable to other combinations with either “multi” or “classic,” where a certain descriptive content was evident, as in MULTI-ENZYM, MULTI-PHONE, or RETRO CLASSICS. With regard to gambling and entertainment machines, it was not obvious to which characteristics the term “multiclassic” might refer.

I.D.1. Similarity of Marks

In its decision in GOLDHASE (“golden rabbit”), the German Federal Supreme Court ruled that word elements within combined word-picture or three-dimensional marks do not necessarily dominate the overall visual impression, irrespective of the other components.

The plaintiff’s three-dimensional registered mark consists of a sitting foil-wrapped chocolate “golden rabbit” that has the word mark LINDT (which is also part of the plaintiff’s corporate name) printed on its hind leg (see below).

of the goods or of the rendering of the services, or to designate other characteristics of the goods or services.”

472. Case No. 27 W (pat) 28/07 (German Federal Patent Court, March 20, 2007) (MULTICLASSIC).

473. The relevant decisions of the German Federal Patent Court are: Case No. 25 W (pat) 42/98 (MULTI-ENZYM) (pharmaceutical products); Case No. 30 W (pat) 251/97 (MULTI-PHONE) (software); and Case No. 32 W (pat) 359/02 (RETRO CLASSICS) (jewels and clothes).

474. Case No. I ZR 37/04 (German Federal Supreme Court, October 26, 2006), MarkenR 31 (2007).
The plaintiff objected to the defendant's distribution of a gold-foil-wrapped chocolate Easter rabbit that clearly depicted the defendant's corporate name, Riegelein, on its hind leg (see below).

The plaintiff was able to demonstrate a degree of notoriety of its three-dimensional mark with regard to shape and color (however, without the printed word "Lindt") of 61 percent in the pertinent consumer circles. Because of this increased notoriety, the Supreme Court found that the overall impression conveyed by the plaintiff's mark might at least partially be influenced by its shape and/or color, so that visual similarity might exist even though the rabbits bore different word marks. The litigation was remanded to
the Court of Appeals, which had denied likelihood of confusion because of the differing word components.\textsuperscript{475}

This decision is important—for two reasons. First, the likelihood of confusion possibly created by the overall impression conveyed by word-picture or three-dimensional marks will not usually be overcome by the presence of differing word elements. Second, the Supreme Court did not require that the public surveyed in an opinion poll be able to identify the owner of the mark by name. Rather, the Court held, it was sufficient that the public recognize an indication of origin at all.

In the MALTESERKREUZ litigation,\textsuperscript{476} the Federal Supreme Court followed the European Court of Justice’s (ECJ’s) ruling in the THOMSON LIFE case.\textsuperscript{477}

Lazarus Hilfswerk in Deutschland e.V. filed a trademark application for the composite mark LAZARUS & Maltese Cross Device (below, illustration at left). Malteser Hilfsdienst e.V. filed opposition based on likelihood of confusion with its prior-registered device mark MALTESERKREUZ (“Maltese Cross”) (below, illustration at right).\textsuperscript{478} The opposition was upheld by the Patent and Trademark Office.

On appeal, the German Federal Patent Court overturned the Office’s decision, holding that, in accordance with the Prägetheorie (“theory of the impression conveyed”), there was no likelihood of confusion. Under this theory, likelihood of confusion is absent where the marks at issue share a common element but the element only contributes to the overall impression. The opponent appealed the Court’s decision.

\begin{itemize}
\item \textsuperscript{475} Case No. 6 U 10/03 (Court of Appeals of Frankfurt am Main, January 29, 2004), GRUR-RR 136 (2004).
\item \textsuperscript{476} Case No. I ZB 28/04 (German Federal Supreme Court, May 11, 2006), MarkenR 859 (2006).
\item \textsuperscript{477} Medion AG v Thomson Multimedia Sales Germany & Austria GmbH, Case C-120/04 (ECJ, October 6, 2005), GRUR 1042 (2005), [2005] ECR I-8551.
\item \textsuperscript{478} Registration No. 2 069 437, filed April 21, 1994, registered June 28, 1994.
\end{itemize}
In THOMSON LIFE, the ECJ had stated that a likelihood of confusion may exist where the goods or services are identical and the contested mark is formed by juxtaposing the company name of another party and a registered mark that has normal distinctiveness, if that mark alone does not determine the overall impression conveyed by the composite mark but still has an independent distinctive role therein.

Applying these standards, the Supreme Court reversed the Patent Court’s decision. It held that the plaintiff’s MALTESERKREUZ mark could be confused with the defendant’s mark LAZARUS & Maltese Cross Device, even if the older mark had no increased distinctiveness.

An independent distinctive role for the Maltese Cross device could be assumed even if the overall impression created by the junior mark was dominated by the other component. Consequently, even if the word LAZARUS were found to dominate the composite mark, under the ECJ’s THOMSON LIFE doctrine the device could still maintain an independent distinctive role, and therefore the marks could be found confusingly similar if their design elements were confusingly similar. In so ruling, the Supreme Court abandoned the Prägetheorie.

The Supreme Court also held when assessing similarity of marks in an opposition proceeding, the registered form of the opposing mark is decisive; however, if a mark is registered in black and white, its use in colors may increase its distinctiveness.

### III.A.6.c. Metatags

In its IMPULS decision, the German Federal Supreme Court ruled on a previously controversial issue, namely whether the use of another’s sign (corporate name or mark) as a hidden search term on the Internet (i.e., a metatag) constitutes trademark use. The Court held that it is not material whether the search term becomes visible for the user on the website. Rather, the decisive point is that the use of the search term has to influence the result of the website selection. Thus, the search term must serve to make the user aware of the company using the search term and its offers. This constitutes use as a trademark.

The Supreme Court also found that likelihood of confusion could be present even though the Internet user might be aware that not all hits will relate to the purpose of the search. If, however, the website of the metatag user is hit and the same goods or services as those of the sign’s owner are offered, the Internet user may confuse these offers, or at least pay closer attention to

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479. Case No. I ZR 183/03 (German Federal Supreme Court, May 18, 2006), GRUR 65 (2007).
the offer of the metatag user. This is a sufficient basis for a finding of likelihood of confusion, even if the confusion could be removed by closer scrutiny of the metatag user’s website.

By this decision, the preceding judgment of the Düsseldorf Court of Appeals\(^{480}\) was repealed, and the opinion of the majority of other German courts confirmed.

**GREECE**

I.D.1. **Similarity of Marks**

The Greek company Sante Paragogi ke Emboria Epidesmikou Ylikou A.E. (Sante) applied to register the word mark THERABAND\(^{481}\) for elastic bandages in Class 5 (see below). Sante’s application was accepted by the Administrative Trademark Committee\(^{482}\).

Hygienic Corporation, a company based in the United States, filed opposition\(^{483}\) before the Committee based on its trademark registration for THERA – BAND\(^{484}\) covering “rubber sheeting used for medical purposes” in Class 10. Hygienic argued that the contested mark was a copy of its prior-registered trademark; it argued, further, that, despite the fact that they were in different classes, the goods covered by the marks were similar and were intended for the same purposes, thus creating a risk of confusion of consumers as to the origin of said goods.

The Administrative Trademark Committee rejected the opposition on the ground that, despite the visual and phonetic similarity of the marks under comparison, there was no similarity between the covered goods that would result in a risk of confusion\(^{485}\). Specifically, the Committee found that the opponent’s goods (rubber sheeting used for medical purposes) were used by physicians for beds in hospitals and in their practices to serve the special needs of certain patients, whereas the applicant’s elastic

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480. Case No. 20 U 21/03 (Court of Appeals of Düsseldorf, July 15, 2003), GRUR-RR 340 (2003).
484. Trademark No. 116382, filed October 20, 1993, registered May 17, 1996.
bandages were used by a broad range of consumers for various bandaging purposes.

The case was heard by the Athens Administrative Court of First Instance upon recourse filed by the opponent.\(^{486}\) Hygienic contended that, contrary to the Committee’s holding, the rubber sheeting for medical purposes was used by a broad range of consumers and, like the elastic bandages, was distributed through apothecaries and orthopaedic shops. It reiterated its argument that the marks under comparison were identical. In response, Sante argued strenuously that the covered goods were different and were targeted to different groups.

The Court accepted that the marks were phonetically identical and as such were capable of causing consumer confusion. Neither the slight differences in the appearance of the marks (e.g., different fonts, dash between the words THERA and BAND of the opposing mark) nor the fact that consumers usually are more attentive and alert in their selection of pharmaceutical goods such as the ones in question was, the Court held, sufficient to avoid the risk of confusion.

Therefore, the Court of First Instance reversed the Committee’s decision and rejected Sante’s trademark application for THERABAND.\(^{487}\)

The Greek company Afoi Kaykala filed a trademark application for PAUL & GEORGE,\(^{488}\) to cover ready-made apparel in Class 25. The Administrative Trademark Committee initially accepted the application.\(^{489}\)

Sofrane, a French company, filed opposition,\(^{490}\) alleging that the applied-for mark closely resembled its prior-registered Community trade mark (CTM) PAUL & JOE,\(^{491}\) for apparel and other goods in Class 25 and goods in Classes 3, 4, and 18. The Committee was not convinced. It rejected the opposition, holding that the marks were sufficiently distinguishable.\(^{492}\)

The opponent filed recourse,\(^{493}\) which was rejected by the Athens Administrative Court of First Instance.\(^{494}\) In affirming the


\(^{487}\) Athens Administrative Court of First Instance, Decision No. 2570/2006, issued February 28, 2006.

\(^{488}\) Application No. 148676, filed February 9, 2000.

\(^{489}\) Administrative Trademark Committee, Decision No. 9436/2000, issued December 12, 2000.

\(^{490}\) Case No. 349/2001, filed November 9, 2001.

\(^{491}\) CTM No. 001329127, filed September 30, 1999, registered January 9, 2002.


decision of the Committee, the Court ruled in favor of the applicant, holding that the name GEORGE and the name JOE were quite distinct in the eyes of the Greek consumer, who was not deemed to be prone to confuse the marks, based on the fact that the common name PAUL was the first word of both.

Avon Products Inc., an American company, filed a trademark application for MODERN BALANCE, covering bleaching preparations and other substances for laundry use; cleaning, polishing, scouring, and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; and dentifrices, in Class 3.

The Administrative Trademark Committee partially rejected the application for the goods used for skincare, that is, soaps, perfumery, essential oils, and cosmetics, on the ground that the mark applied for closely resembled the trademark BALANCE, registered in the name of the German company Beiersdorf Aktiengesellschaft and covering skincare products in Class 3.

Avon filed recourse, which was rejected by the Athens Administrative Court of First Instance on the ground that the word MODERN did not sufficiently differentiate between the marks.

Avon’s appeal was accepted by the Athens Administrative Court of Appeals, which overturned the earlier decisions and accepted the mark for registration. The appellate court was satisfied that the word MODERN sufficiently distinguished the applicant’s mark.

Giotis A.E., a well-known Greek confectionery firm, was faced with an opposition and subsequent recourse proceeding initiated by one of its rivals, Kraft Foods AS, concerning Giotis’s national trademark application for CHOCO TWISTERS, which

mark allegedly conflicted with Kraft’s CTM TWIST.505 Both marks covered chocolate in Class 30.

The Athens Administrative Court of First Instance, in reviewing the opposition and recourse before it, determined that there were significant differences between the marks in question that effectively averted the risk of confusion among the consuming public.506 In particular, the mere fact that the CTM consisted of two words and the national trademark was a single word satisfied the Court that the marks were quite distinct.

Moreover, after comparing the words TWISTERS and TWIST, the Court was satisfied that the overall visual and phonetic impression presented by Kraft’s mark was substantially different from that of Giotis’s mark.

Consequently, the Court dismissed the opposition and recourse and allowed the applied-for mark to proceed to registration.

The French firm Michelin (Compagnie Générale des Établissements Michelin–Michelin & Cie) filed for the extension to Greece of its International Registration for XM,507 a word mark covering pneumatic tires and inner tubes for vehicle wheels, treads for retreading tires, and tracks for crawler-tracked vehicles, in Class 12.

The Administrative Trademark Committee rejected the application. It found the mark in question to be confusingly similar to the CTM XMO,508 registered in the name of Rapid Suspension Technology USA, Inc. and covering cycles, bicycles, parts and fittings for bicycles, shock absorbers for bicycles and cycles, suspensions for bicycles and cycles, and all other goods in Class 12.509

The applicant filed recourse,510 which was dismissed by the Athens Administrative Court of First Instance.511 The Court was not convinced that the letter O in the CTM sufficed to differentiate it from the international trademark under review, or that the difference in the specification of goods of the marks under comparison sufficed to avert the risk of consumer confusion.

The Court was not influenced by the arguments put forward by the applicant, namely that its mark had been accepted in various jurisdictions and that there were various other marks comprising the letter X and two other letters that were already coexisting with the trademark XMO. In that regard, the Court underscored that while it could not be aware of the circumstances of the acceptance of the applicant's mark elsewhere, its main function was to examine any conflicts between the marks at issue, not to retry previous matters.

Triumph International AG, a German company, applied for the registration of the word mark GLORIA, to cover clothing, footwear, and headgear in Class 25. The Administrative Trademark Committee rejected the application on the following grounds:

1. The applicant’s mark resembled the prior-registered word and device marks (a) GLORIA BIS, covering clothing in Class 25; (b) GLORIA MARIS, covering men’s, women’s, and children’s clothing, bathing suits, beachwear, and underwear in Class 25; and (c) GLORIA CARAM, covering women’s and children’s clothing in Class 25 and perfumes in Class 3 (see below).

2. The applied-for mark was intended to cover goods similar to those covered by the cited marks, and consequently there was a risk of confusion among consumers as to the source of the goods.

Upon recourse before the Athens Administrative Court of First Instance, Triumph argued that the GLORIA mark differed from the GLORIA BIS, GLORIA MARIS, and GLORIA CARAM trademarks in that the overall visual and phonetic impression it presented was significantly different, as GLORIA was a word mark and consisted of only one word, whereas the cited marks were complex marks and consisted of two words and added

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devices. The Court affirmed the Committee’s decision. The Court held that the applied-for mark was directed to the same target group as the cited marks, because it covered similar goods, and was not sufficiently different from them. The Court stressed that the dominant feature of the marks under comparison was their word element, and the word GLORIA in particular.

Triumph appealed the decision of the Court of First Instance.

The Athens Administrative Court of Appeals accepted the appeal and reversed the lower court’s decision. It found that (1) the mark GLORIA BIS was written in calligraphic fine print and also comprised a characteristic device of a bindweed in the lower left and upper right corners of the mark; (2) the mark GLORIA MARIS comprised a device of two black wavy lines between the words GLORIA and MARIS, which appeared in fine print and were accompanied by the word INTERNATIONAL in a black border placed under them; (3) the mark GLORIA CARAM comprised a black parallelogram border that was divided into two parts, a white one where the underlined word GLORIA appeared and a smaller, black one where the underlined word CARAM, in dropout type, appeared, the line under the latter word being interrupted by the letters GC; and (4) the applied-for mark consisted only of the word GLORIA.

In light of the above, the Court of Appeals concluded that there was no sufficient visual and phonetic similarity to cause confusion among consumers as far as the origin of the covered goods was concerned.

Unipharma, Kleon Tsetis (Unipharma), a Greek company, applied for the registration of the word mark RESPITRAT, to cover pharmaceutical preparations and dietetic substances in Class 5. The Administrative Trademark Committee accepted the application.

The German company Boehringer Ingelheim Pharma GmbH & Co. KG filed opposition against the acceptance of the mark RESPITRAT based on its prior CTM registration for the word mark RESPIMAT, covering pharmaceutical preparations in Class 5 and instruments and apparatus for inhaling.

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pharmaceutical preparations in Class 10. The Committee accepted the opposition.519

Upon recourse before the Athens Administrative Court of First Instance,520 Unipharma argued, *inter alia*, that (1) the marks RESPITRAT and RESPIMAT were sufficiently different, in view if the fact that their prefix RESPI- was a commonly used word deriving from the word respiration; and (2) trademarks covering pharmaceuticals created no risk of confusion, as such products usually were prescribed by physicians.

The Court upheld the decision of the Trademark Committee.521 It confirmed the allegations of Boehringer Ingelheim regarding the similarity between the marks under comparison. In particular, the Court stressed that RESPITRAT and RESPIMAT were both word marks having in common the prefix RESPI- as well as the ending -AT and that they covered the same goods in Class 5. Thus, the difference in the middle letters—TR and M, respectively—was not sufficient to prevent the risk of confusion among consumers, especially in view of the fact that the goods in Class 5 were not necessarily sold under a physician’s prescription.

The French company Cousin Biothech applied for the international registration of the trademark BIOMESH & Device (see below), to cover surgical apparatus and orthopaedic articles in Class 10.

Upon examination during the national phase in Greece, the Administrative Trademark Committee rejected the application on the ground that the applicant’s mark resembled the prior-registered CTM BIOMESH (word mark),522 covering mesh plates for anatomic contouring of the cranial skeleton in Class 10.523 Cousin Biotech filed recourse,524 requesting the reversal of the Committee’s decision. It argued that (1) the applied-for mark differed from the cited mark in its device, namely the diamond-shaped border encompassing the word BIOMESH with the first

and last letters thereof protruding outside the border; (2) the goods covered by the prior trademark (surgical apparatus and orthopaedic articles) were addressed to specialists (physicians and surgeons), thus preventing confusion of consumers; (3) in order to prevent any possible risk of confusion, it limited the specification of goods of its mark only to hernia pads of textile material, textile neurological patches, and products for urinary incontinence (also of textile pad type) in Class 10, stressing that the fact that the goods covered by the marks under comparison belonged to the same class did not necessarily mean that they were similar; and (4) as the trademark BIOMESH & Device had already been registered for goods in Class 10 in France, where Cousin Biotech was headquartered, by virtue of the “telle quelle” clause of the Paris Convention, a stricter standard of scrutiny could not be applied in another country that was party to the Convention.

The Athens Administrative Court of First Instance reexamined the facts and upheld the Committee’s decision. The Court reasoned that the dominating feature of the applied-for mark was the word component and that the device was not sufficient to differentiate it from the prior-registered mark. Thus, it was visually similar and aurally identical to the CTM. The Court also stressed that the goods covered by the marks under comparison were similar and were directed to the same target group.

Finally, the Court rejected Cousin’s allegation based on the “telle quelle” clause of the Paris Convention. It underscored that based on the provisions of paragraph B of Article 6quinquies of the Paris Convention, according to which applied-for marks may be denied registration when they are “of such a nature as to infringe rights acquired by third parties in the country where protection is claimed,” a trademark that had been registered in one of the contracting states could not be accepted for registration in Greece.

The Dutch company Valentino Globe B.V., which is part of the Valentino Group of the famous fashion designer Valentino, filed opposition against the trademark application for OLIVER, filed in the name of a Greek company with the distinguishing title Prince Oliver and covering goods in Classes 3, 18, and 25. There were two legal bases for the opposition:

525. Paris Convention, art. 6quinquies, para. A(1).
1. Valentino’s prior-registered national Greek trademark OLIVER & Device (see below), covering goods in Class 25 (clothing, footwear, headwear, etc.); and

2. The fame of Valentino’s mark, as evidenced by registration certificates from a plethora of countries in Europe, Asia, the Middle East, etc., starting in 1986.

Valentino alleged, on the basis of its above-referenced rights, that the opposed mark was capable of creating confusion among the consuming public, especially given that the classes it covered coincided with those designated in the Greek and foreign OLIVER trademark registrations owned by Valentino.

The Administrative Trademark Committee was not convinced. It held, inter alia, that Valentino’s trademark was sufficiently different from the applied-for mark, as the former included the device of a dog and the characteristic letter V, which is the initial for the company Valentino.

The Committee also was not persuaded of the fame of the opposing trademark. It determined that the evidence submitted by the opponent did not fulfill all the requirements for rendering a trademark famous, which, according to the Committee, went beyond the evidentiary submission of trademark certificates from other countries and included sales invoices, advertising materials and advertising expenditure, etc.

Accordingly, the Committee rejected Valentino’s opposition. Upon recourse, the Athens Administrative Court of First Instance reconsidered the matter on its merits and affirmed the decision dismissing the opposition. In its ruling, the Court adopted in its entirety the rationale of the Administrative Trademark Committee.


Amorim Revestimientos S.A. (Amorim), a Portuguese company, applied for the international registration of the word mark CORKLOC, to cover floors and tiles made of cork, floors and tiles made of composition cork, and paved floors made of cork, compressed cork, or a cork mixture, all in Class 19.

The Administrative Trademark Committee, upon examination during the national phase in Greece, rejected the application. It reasoned that the applied-for mark resembled the prior-registered CTM CORK (see below), registered in the name of Confédération Européenne du Liège for similar goods, namely corkboard, in Class 19, as well as cork in Class 20 and unworked cork in Class 31. The Committee held, therefore, that coexistence of the marks would create a risk of confusion among consumers as to the source of the covered goods.

Amorim filed recourse before the Athens Administrative Court of First Instance. It argued that a comparison of the marks showed that they presented a different visual and aural impression and that the goods covered were not similar and targeted different groups of consumers. Amorim argued, further, that the trademarks CORKLOC and CORK already coexisted in various European countries, namely Portugal (the country of origin of the applied-for mark), France (the country of origin of the cited mark), Austria, Benelux, Bulgaria, Denmark, Finland, Germany, Italy, Spain, Switzerland, and the United Kingdom. It produced registration certificates from these countries as a proof of its allegation.

The Court reversed the decision of the Trademark Committee. A comparison of the marks showed that CORKLOC included an additional syllable, LOC, whereas CORK comprised a characteristic device of a tree under which was the word CORK in

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underlined “handwritten” characters, with the letter R substituted for by the registration symbol (®). The Court therefore concluded that the overall visual and aural impressions given by the marks were sufficiently different and that consequently the marks were not likely to cause confusion among consumers.

The Court stressed that the fact that Class 19 goods were common to both marks was not critical in this case, as the classification of certain goods in the same class did not necessarily mean that they were similar. It noted that the goods to be covered by the mark CORKLOC were destined for a very specific use, were distributed through different stores, and had a different target group.

In light of these findings, the Court accepted the mark CORKLOC for registration.

I.F. Famous and Well-Known Marks

The Greek company Gerome Emboriki & Viomichaniki Anonymi Eteria Yfasmaton ke Idon Endyssis (Gerome) applied to register the word mark GUGLIELMO SALVATORE (below, illustration at left), for goods in Class 25. The Administrative Trademark Committee accepted the application.

Salvatore Ferragamo Italia SpA (Ferragamo), an Italian company, filed opposition before the Administrative Trademark Committee based on its prior Greek, Community, and international trademark registrations for SALVATORE FERRAGAMO (below, illustration at right), covering goods in Class 25 and various other classes. Ferragamo alleged that (1) the applied-for mark was a slavish imitation of its registered trademarks; (2) those trademarks were, moreover, famous marks; and (3) the covered goods were identical, and thus posed a risk of confusion of consumers.

From the voluminous submitted material (numerous copies of well-known magazines, Internet publications, and invoices proving circulation of goods under the SALVATORE FERRAGAMO trademarks in the Greek market), the Committee was easily able to assess that the trademark SALVATORE FERRAGAMO was such a prominent mark in the Greek jurisdiction that it actually served as an illustration of the definition of the term “famous mark.”

The Committee went on to determine, based on a comparison of the marks, that the overall aural and, more important, visual impression presented by the applied-for mark, which has the form of a signature, was remarkably similar to the characteristic writing style, as well as to the form of certain particular letters, of the opposing marks. Specifically, the Committee found that (1) the word SALVATORE, which the marks under comparison had in common, was written in an identical manner, and (2) the word GUGLIELMO appeared in the same typeface as the SALVATORE FERRAGAMO mark, and its final letter O with a horizontal line at the end, was written in a manner identical to that of the letter O of FERRAGAMO.

These similarities, the Committee concluded, sufficed to give the average consumer the impression that a close financial and/or commercial nexus existed between the respective trademark owners. Accordingly, the Committee rejected the trademark application for GUGLIELMO SALVATORE.

Early in 2006, Mr. Panagiotis Mavrikos, an individual residing in Athens, filed a trademark application for MESIMVRINI, the name of one of the most well-known traditional newspapers of Athens, which had ceased its publication 12 years earlier. Concurrently, Mr. Mavrikos filed a petition for cancellation against the owner of the trademark MESIMVRINI, the publishing company Geniki Ekdotiki Ellados Mesimvrini SA (Geniki Ekdotiki).

The Administrative Trademark Committee, in examining both the cancellation petition and the new trademark application, as well as the intervention filed by Geniki Ekdotiki against the acceptance of Mr. Mavrikos’s trademark application, consolidated all the proceedings into one. It ruled in favor of the newspaper, even though it was no longer in circulation.

After considering the merits of the cancellation petition, the Committee dismissed it, being satisfied that the fame of the trademark MESIMVRINI was retained, despite the fact that the newspaper had ceased its publication 12 years before.

Mesimvrini, which started its operation in 1961 under the management of the famous Greek female journalist Eleni Vlachou and continued on until the coup d’état of 1967, was a mainstream newspaper and one of the most popular newspapers in Greece at the time. It went into circulation again, under new management, in 1980, some six years following the restoration of democracy in Greece. In 1994, however, Mesimvrini ceased publication, primarily as a result of a law passed at the time, which prohibited the publication of a mainstream national newspaper by any entity that was a public sector supplier, owing to conflict-of-interest considerations.547

The Committee was satisfied, based on the evidence submitted, that, notwithstanding the publication break of 12 years, the trademark MESIMVRINI had retained its fame and that its related, still enforceable, copyright belonged to the party filing the intervention, by assignment. Therefore, it dismissed the cancellation petition and the new trademark application filed by Mr. Mavrikos.548

This decision is both interesting and important, as the Committee recognized the fame of the trademark at issue as having priority over the five-year period of non-use (in this case, the 12 years of non-use) that renders a trademark cancellable under Greek law, and it acknowledged the copyright associated with the trademark.

II.C.1.f. Device and Design Marks

Alpharma ApS, a Danish subsidiary of the American pharmaceutical company Alpharma Inc., applied to register a device mark (see below)549 for goods in Classes 3 and 5. The Administrative Trademark Committee rejected the application on the ground that the mark lacked distinctive character.550 Alpharma filed recourse551 before the Athens Administrative Court of First Instance for the revocation of the Committee’s decision.

The Court took into consideration the fact that Alpharma’s trademark had already been registered in many other countries (e.g., Denmark, Finland, Germany, Jordan, Lebanon, Norway, Portugal, Sweden, and the United Kingdom) for goods in Classes 3 and 5. It reasoned that the device was sufficiently characteristic and did not lack distinctive character, even though it was destined to cover goods in those classes. The Court therefore reversed the decision of the Administrative Trademark Committee and allowed the mark to proceed to registration.552

II.C.3. Geographical Indications/Appellations of Origin

The Greek company Vigla Aeve Dairy Products (the “Petitioner”), founded in 1990, filed cancellation petitions553 challenging the validity of four trademarks, which were registered in the name of the Greek company Dairy Industry of Larissa S.A. (the “Respondent”) for dairy and other food products (see below).

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All the trademarks, which contained the word OLYMPOS (ΟΛΥΜΠΟΣ in Greek), were complex marks, comprising the word OLYMPOS as well as additional graphic and word elements. The Petitioner, which is located in the greater area of Mount Olympus, alleged that the word OLYMPOS was the dominant element of all four trademarks and that it served as a misleading geographical indication, as the products covered by the marks were not, in fact, produced on Mount Olympus, and that in any event the trademarks lacked distinguishing ability.

The Administrative Trademark Committee, in its separate decisions, took into account the fact that the Respondent, which

was founded in 1965 and was registered with the local Chamber of Commerce with the distinguishing title OLYMPOS, had been using its title for 40 continuous years, uninterruptedly, in all of its corporate business transactions. In addition, the Committee noted the plethora of OLYMPOS marks owned by the Respondent, including Community and international trademark registrations for OLYMPOS. Based on these findings, the Committee, ab initio, determined that the name OLYMPOS had, in fact, acquired distinguishing power over the 40 years of its use by the Respondent as a distinguishing feature of origin from that company, and was not used, as the Petitioner had asserted, as a misleading geographical indication. This was because, as per the Committee’s interpretation and application of the relevant provisions of the Greek Trademark Law, if there is a misleading use of a geographical indication, that indication must be used on its own and not as an element in conjunction with other words.

The finding that the word OLYMPOS had become established as a distinguishing feature of origin from the Respondent was further supported by the fact that the local Chamber of Commerce in the city of Larissa had deleted from its registry the Petitioner’s distinguishing title VIGLA OLYMPOU because it was deemed to be confusingly similar to the Respondent’s preceding distinguishing title OLYMPOS. Moreover, the Committee relied on an injunction petition decision issued by the relevant local court, which effectively enjoined Vigla Aeve from using the name OLYMPOS as its distinguishing title, or on its products, its advertisements, and its printed material in general.559

In addition to the above findings, the Committee made an interesting assessment of the current status of geographical indications in Greece. It emphasized that, in the Greek market, it is quite common to use geographical indications as trademarks, and thus the Greek consumer public is quite familiar with this practice and does not regard trademarks such as IPIROS for feta cheese, PINDOS for poultry, KORPI for mineral water, CRETA FARM for delicatessen, ATTICA HONEY for honey, etc., as necessarily being geographical indications per se.

Moreover, the Committee opted to take into account a relevant consumer survey, in which only 3.8 percent of the surveyed public believed that the OLYMPOS milk actually originated from Mount Olympus while 47 percent believed that the OLYMPOS milk originated from the greater district of Thessalia and Macedonia, which are neighboring districts in central and northern Greece. Another consumer survey, also taken into account by the Committee, reflected the fact that the majority of the consumers who selected the OLYMPOS milk were not influenced in their

selection by its geographical origin; instead, they based their selection on the quality of the particular product, irrespective of where it originated in Greece.

Last, but not least, the Committee examined the Petitioner’s allegation that the advertisements of the OLYMPOS mark constituted misleading trademark use by the Respondent. The Committee determined that advertisements, on their own, do not qualify as trademark use per se, and, as such, cannot be deemed to qualify as misleading trademark use. Trademark use, based on the relevant precedent and legal theory, is in fact the affixing of a particular mark on products and their packaging. It would be a disproportionate means of recourse to delete a trademark from the registry as a form of sanction for its owner’s alleged misleading advertising, to which other provisions of law (namely Unfair Competition Law) apply and over which other tribunals have subject-matter jurisdiction.

II.C.7. Copyright

The Athens Administrative Court of First Instance affirmed the decision of the Administrative Trademark Committee and dismissed the recourse filed by the Greek company Andrikopoulos Chr. and Fragoulias OE. The Court thereby rejected the trademark application for SNOOPY FAST FOOD & Snoopy Device (see below). In doing so, it also accepted the supplementary intervention filed against the acceptance of the trademark application by the American company United Features Syndicate, the owner of the copyright for and trademarks of the well-known Peanuts characters, including Snoopy, all of which were originally designed by Charles Schulz.

When the trademark application was published for opposition purposes, United Features Syndicate filed opposition against the mark’s registration. The mark was rejected by the Committee on the ground that it was confusingly similar to the famous SNOOPY marks, which belonged to the United Features Syndicate.

The applicant then filed recourse with the Athens Administrative Court of First Instance based on the following grounds:

(a) The trademark application for SNOOPY FAST FOOD & Snoopy Device covered only “fast food and restaurant services” in Class 42, and none of the prior-registered SNOOPY marks covered the same services in Class 42.

(b) There was no bad faith on the part of the applicant, because allegedly different target groups were addressed by the marks at issue and thus there was no potential for confusion.

(c) The applied-for trademark did not qualify as a slavish imitation of the SNOOPY marks because it also contained the words FAST FOOD, which differentiated it from those marks.

The Court, after assessing the facts before it, not only was convinced that the Committee’s decision was correct but took it upon itself to actually examine further aspects of the matter, such as copyright, in order to further elaborate on the reasons why it deemed the trademark application to be entirely unacceptable.

In its reasoning, the Court highlighted the fact that the relevant copyright for the famous Peanuts characters existed in many countries and substantiated the fame of the “Snoopy” character. In addition, it referred to the publication in several cartoons and comics of the Peanuts characters, which were very popular among the Greek public and had been so since well before the registration of any SNOOPY trademarks in Greece.

The Court dismissed the applicant’s arguments asserting lack of confusion on the basis of the allegedly different target groups addressed, and rejected the trademark application for SNOOPY FAST FOOD & Snoopy Device. It held that the fame of the “Snoopy” character, based on its copyright and other acquired rights, was such that the lack of coinciding classes covered by the marks at issue was irrelevant in assessing the risk of confusion.

The Court considered it quite likely that the general public might easily assume that a fast-food or restaurant establishment operating under the mark SNOOPY FAST FOOD & Snoopy Device was somehow endorsed by the copyright holder-trademark owner.

of the “Snoopy” character, and that the mark could serve as a “luring in” means of attracting clientele.

II.D.1. Immoral or Scandalous

The Administrative Trademark Committee refused the application for registration of the word mark MÜLLER ΚΑΝΕΤΕ ΕΠΩΤΑ ΜΕ ΤΗ ΓΕΥΣΗ (MÜLLER—MAKE LOVE WITH TASTE), filed in Greek in the name of the German company Molkerei Alois Müller GmbH & Co. and covering goods in Classes 29, 30, and 32. The Committee held that the applied-for mark contravened moral principles, as defined in the relevant provisions of the Greek Trademark Law.

Despite the applicant’s contentions, the Committee did not interpret the phrase “make love with taste” as referring to the pleasure caused to consumers by the savor (taste) of the covered goods; instead, it considered the phrase to have a purely sexual connotation. The Committee was equally unfazed by the fact that the applicant owned a similar trademark in Italy, FATE L’AMORE CON IL SAPORE, as well as by the argument that the goods covered and primarily intended (yogurt and dairy products) had no per se ability to project any sexual innuendo.

II.F.1. Disclaimers

In September 2006, the Athens Administrative Court of Appeals set new precedent regarding ex officio refusals of trademark applications that conflict with prior-registered rights. Previously, if a trademark application conflicted with a prior-registered mark, even if the latter was registered in the name of a company that belonged to the same group of companies as the applicant and the owner of the prior-registered mark furnished a letter of consent, the trademark application nevertheless was refused ex officio on the grounds of public interest and avoidance of confusion of the public. In effect, this practice had forced trademark applicants to designate a specific entity within their group in whose name the same or similar trademark applications would be filed, in order to avoid suffering cost and delay in ex

569. Law No. 2239/1994, September 16, 1994. Article 3, paragraph (1)(f) of the Trademark Law provides: “The following shall not be registered as trademarks: . . . trademarks which are contrary to public policy or to accepted principles of morality . . .”
570. Case No. 4364/2006, filed November 17, 2006, in support of the trademark application.
officio refusal proceedings. The Court of Appeals’ groundbreaking ruling changed the practice in favor of the trademark applicant.

Soremartec S.A., a Belgian company that belongs to the Ferrero Group, applied to register the trademark KINDER MERENDERO, 572 covering goods in Class 30.

Both the Administrative Trademark Committee573 and the Athens Administrative Court of First Instance574 refused the application on the ground that its dominant element was the word KINDER, which directly conflicted with the trademarks KINDER,575 previously registered in the name of Ferrero S.p.A. for identical goods in Class 30, despite the latter company’s letter of consent and the furnishing of evidence that Soremartec S.A. and Ferrero S.p.A. belonged to the same group of companies.

The applicant lodged an appeal.576 In a significant ruling, the Athens Administrative Court of Appeals reversed the two previous decisions and ruled in favor of the applicant.577

The rationale of the Court of Appeals was quite concise, as it also took into account several well-known decisions of the European Court of Justice (ECJ), such as Canon578 (likelihood of confusion and interpretation of EC Trademarks Directive)579 and IHT580 (freedom of movement of goods in conjunction with trademark protection).

The Court determined that (1) the previous interpretation of Article 4, Paragraph 1 of the Greek Trademark Law, regarding the bar to registration of similar trademarks covering identical goods, was erroneous when the companies belonged to the same group and when explicit consent by the prior trademark’s owner was given, and (2) the waiver of the bar to registration called for by Article 4, Paragraph 4, which provides for a potential waiver of the bar in the event that a letter of consent is furnished unless there

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are public interest and risk of confusion considerations, had been thus far misconstrued.

According to the Court of Appeals, the Greek Trademark Law aims to deter the registration of trademarks that are likely to cause confusion of the public. Such a risk cannot encompass situations where the marks in conflict are owned by companies that belong to the same group. In principle, there can be no such risk of confusion in such cases, as there is a financial nexus between the respective companies that per se guarantees the ability to apply a uniform quality control to the products bearing the similar marks. In effect, in such cases there can be no direct or indirect risk of confusion to consumers, given the Court’s global assessment of two companies belonging to the same group as being integral parts of a single undertaking with the same objectives and the same modus operandi.

The Court further implied that the internal corporate assignment of which corporate entity, within a group of companies, would be responsible for registering which trademark of the group remained within the absolute discretion of the group, as it fell within the group’s freedom to operate. Any decision to the contrary would in effect impose undue restrictions on this corporate liberty for which there were no real substantive grounds, and certainly would be of no extra service to the consumer.

It is expected that the Court of Appeals’ decision will serve as very useful precedent for similar matters in the Greek jurisdiction.

III.A.5. Domain Names

The National Telecommunications and Post Committee, the national authority responsible for supervising the administration of domain names in Greece, granted the cancellation petition filed against the domain name fifa.gr, which was initially registered in the name of a Greek individual, Christos Soulimitis. This registration was held to be in bad faith, as it was found to be an unfair exploitation of the trademarks, distinguishing title, distinguishing feature of origin, etc., of FIFA (Fédération Internationale de Football Association).

Mr. Soulimitis was actively using the domain name as a website for an online sports newspaper, the main focus of which was football, both local and international. When FIFA became aware of his registration and use of fifa.gr, it immediately filed for cancellation of the domain name, especially because the use of the domain name by the registrant was so closely linked to FIFA’s

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activities that it clearly presented a risk of confusion of consumers, a lot of whom tend to follow football and other sports news online.

The Committee was quite clear in its determination that the registration of the domain name fifa.gr by Mr. Soulimiotis was done in bad faith. It was able to rule on the existence of bad faith solely on the basis of the facts before it, as the Committee’s autonomous jurisdiction allows it to decide such matters without having to resort to a court order for confirmation. The element of bad faith was substantiated by the fact that the Greek registrant had no relation to or affiliation with FIFA and had absolutely no relevant prior rights (whether registered or unregistered) in the particular domain name. In fact, the corresponding website, www.fifa.gr, covered the same field of activities as those of FIFA and so closely resembled FIFA’s official websites that it was deemed to be clearly taking unfair advantage of the name FIFA for commercial purposes.

In concluding its decision, the Committee held that Mr. Soulimiotis was obviously aware of FIFA, which is the ultimate and absolute organizer of international football games. This knowledge, in conjunction with his competitive conduct toward FIFA, was deemed to be a clear effort to extract clientele or divert online visitors from FIFA. That, per se, substantiated bad faith and was sufficient grounds for granting the cancellation petition.

The National Telecommunications and Post Committee was faced with a difficult matter when deciding the cancellation petition583 filed by Expedia Inc. (Expedia) against the domain name expedia.gr, which was registered in the name of the Greek company GREECE HTTP MEPE.

In Greece, Expedia had no physical presence, through offices, etc., and had never before operated a Greek website. Nevertheless, it was able to substantiate the fame of its brand as a company name, trademark, and domain name and, as such, successfully retrieve the domain name expedia.gr.

The Committee, in its decision, acknowledged that Expedia was a well-known travel agent that had acquired its fame while operating primarily through the Internet in various countries, including the United States, Canada, Australia, Italy, France, England, Germany, Belgium, and the Netherlands.584

Given the nature of online services and the fact that, in matters concerning the Internet, physical presence becomes a redundant issue, the Committee was unfazed by the fact that Expedia was not physically present in Greece and previously had never operated a Greek website. It emphasized Expedia’s steep

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global investment in the EXPEDIA brand, which resulted in the fame of that brand internationally.

The Committee recognized that the EXPEDIA brand was well known in Greece, even purely on the basis of online use. It held that the registration of the domain name expedia.gr by the Greek registrant was done in bad faith. It pointed out that the registrant obviously was aware of the famous EXPEDIA brand and had no qualms about exploiting Expedia’s goodwill and confusing the public.

III.D.2.a. Fair Use

Ringfeder VGB GMBH, a German company, filed a Main Infringement Action against Ioannis Papagiannis, an individual residing in Thessaloniki. Mr. Papagiannis maintained a warehouse selling used mechanical hitches bearing parts of the RINGFEDER products, with the addition of secondary missing parts made by other companies. The plaintiff asserted that this constituted infringement or dilution of its RINGFEDER trademark.

The Court began its analysis by referring to the facts before it—in particular, that the respondent indeed maintained a warehouse selling used mechanical hitches the primary parts of which were original, albeit used, RINGFEDER parts and the secondary parts of which were either bought secondhand from the local market or devised by the respondent.

The decisive issue for the Court was that there was no illegal copying, or falsification of any sort, of the trademark at issue, as the RINGFEDER parts used (on which the mark RINGFEDER was actually imprinted from the stage of industrial production by the trademark owner) were original.

The Court was unfazed by the plaintiff’s claims of potential dilution of the mark, in that the hitches sold secondhand by the respondent comprised other parts as well, which were of questionable quality and certainly were not comparable to the RINGFEDER parts.

The Court concluded that it could not discern any willful intention on the part of the respondent to either unlawfully copy or unfairly exploit the RINGFEDER mark with his conduct. Accordingly, it dismissed Ringfeder’s action.


I.B.2. Merely Descriptive

E.I. Du Pont de Nemours and Company applied to register a series of three SIMPLICITY word marks, to cover nonstructural building materials in Class 19, specifically, resin-based solid-surface countertops and vanity tops. The Registrar objected to the mark as being descriptive and devoid of distinctive character. She considered the dictionary meaning of the word “simplicity” and determined that the mark merely described the characteristics of the goods applied for—plain, simple, and uncomplicated in design. Accordingly, the application was rejected under Section 11(1)(c) of the Trade Marks Ordinance (TMO), which is similar to Article 7(1)(c) of the Community Trade Mark Regulation.

Du Pont contested the objection on several grounds. First, it argued that there was no evidence that the word “simplicity” was particularly common to the related industry. The Registrar responded that it was irrelevant whether there were other, more usual marks for designating the same characteristics of the applied-for goods. Second, Du Pont asserted that “simplicity” did not describe specifically either what the goods were or what their function was. The Registrar said that it was not necessary that the mark describe the goods or their function—it could be rejected if it designated one or more characteristics of the goods. She held that the SIMPLICITY mark indicated that the goods provided were plain and simple and were not complicated in design.

Section 11(1)(b) of the TMO precludes from registration marks that are devoid of distinctive character. The Registrar accepted that the principles relating to distinctive character were laid down by Mr. Justice Jacob in *British Sugar Plc v. James Robertson & Sons Ltd*:

> What does devoid of any distinctive character mean? I think the phrase requires consideration of the mark on its own, assuming no use. Is it the sort of word (or other sign) which cannot do the job of distinguishing without first educating the public that it is a trade mark?

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587. Application No. 300473887, filed August 10, 2005. The marks were distinguished by the type font: (a) all capitals, (b) initial capitals, and (c) all lowercase.

588. Trade Marks Ordinance (Cap. 559), L.N. 31, April 4, 2003. Section 11(1)(c) provides, in pertinent part: “[T]he following shall not be registered—... trade marks which consist exclusively of signs which may serve, in trade or business, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services, or other characteristics of goods or services...”


590. [1996] RPC 281, 306 (Ch.).
The Registrar considered this test in the context of the goods claimed and also from the perspective of an average consumer who was reasonably well informed, observant, and circumspect. In determining whether the mark was inherently distinctive, she emphasized that the essential function of a trade mark is to guarantee the identity of the origin of the covered goods or services to consumers. In addition, a trade mark should enable customers to distinguish those goods or services from other trade origins without any possibility of confusion.

Du Pont argued that because no one except the company had used the mark for similar goods, a reasonably observant customer did not need to analyze any underlying meaning to recognize the mark as an indication of trade origin. This contention was rejected because it was not supported by evidence of use. The Registrar reiterated that the critical question in assessing the distinctiveness of a mark was whether consumers would perceive it as a badge of trade origin. That there were no other traders in the relevant trade using the mark was not an indication of distinctiveness.

Du Pont also argued that the marks had been accepted for registration in the United States and that such registration should have significant reference value. This argument was rejected as well, the Registrar noting that national trade mark rights were territorially limited and granted independently of other rights. The registrability of the applicant's marks was to be examined based on the requirements in the TMO and the principles established in case law, not the bare fact of acceptance of the marks in another jurisdiction.

The Registrar held that the SIMPLICITY marks were precluded from registration because they were not distinctive and were descriptive.\footnote{Registrar of Trade Marks, June 13, 2007 (unreported), available at http://www.ipd.gov.hk/eng/intellectual_property/trademarks/trademarks_decisions/decision/DEC300473887R.pdf.}

I.D.1. Similarity of Marks

Paul, Hastings, Janofsky & Walker LLP applied to register the word mark PAUL HASTINGS JANOFSKY & WALKER (the “suit mark”) as a series of three trade marks, to cover a range of legal services in Class 42.\footnote{Application No. 8105, filed June 3, 2002. The marks were distinguished by the type font: (a) all capitals, (b) initial capitals, and (c) all lowercase.} The application was accepted for registration, subject to separate disclaimers for the words PAUL and WALKER, and published in the government gazette.

Yung Ching Tat and Kong Yuen Hoong, trading as Hastings & Company, opposed the application. The opponent asserted that it

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592. Application No. 8105, filed June 3, 2002. The marks were distinguished by the type font: (a) all capitals, (b) initial capitals, and (c) all lowercase.
had, by reason of extensive use, acquired a substantial reputation and goodwill in the names Hastings and Hastings & Co., which it had used in relation to legal and related services in Hong Kong and around the world. It argued that the suit mark so nearly resembled its trade marks as to be likely to deceive or cause confusion, and that, moreover, the services to be covered by the suit mark were the same as or similar to its own services.

The applicant essentially denied or did not admit the opponent’s allegations. It filed evidence that it had been operating since 1951 and since then had expanded to 17 offices around the world, with more than 1,000 lawyers. In reply, the opponent filed evidence that it had been established in Hong Kong in 1904 and had acquired its present name, Hastings & Company, in 1934. As of November 15, 2004, the opponent employed about 30 lawyers in Hong Kong.

The opponent argued that the suit mark should not be registered because, if used, it would be likely to deceive, would be ineligible for protection in a court of justice, or would be contrary to law. To rely on this ground, an opponent must establish that it has sufficient reputation in relation to its mark. The onus then shifts to the applicant to satisfy the tribunal that there will be no reasonable likelihood of deception of a substantial number of persons if the applied-for mark proceeds to registration. Counsel for the applicant conceded that the opponent had sufficient reputation in relation to its HASTINGS mark.

The applicant argued that the term “deception” means that people must be likely to be actually deceived as to the origin of the services provided. Therefore, the onus on the applicant to establish that there is no reasonable likelihood of that occurring is easier than if it had to establish that there was no reasonable likelihood of purchasers’ being confused or wondering whether both services might come from the same source. The hearing officer determined that the test to be applied was the same as that given in Smith Hayden & Co Ltd’s Application.593 In this case, the test was whether the opponent’s HASTINGS mark in respect of legal services, if used in a normal and fair manner in respect of the specified services, would be reasonably likely to cause deception and confusion among a substantial number of persons. More often than not this would be the test where an opponent asserted prior rights in a similar or identical mark. As the hearing officer described it: “[T]he suit mark must offend if its use in respect of any of the specified services is likely to cause deception or confusion in the minds of persons to whom it is addressed, even if actual purchasers would not ultimately be deceived.”

593. (1946) 63 RPC 97, 101.
The opponent then considered what would be the normal and fair use of the suit mark. It argued that the applicant intended to use, and would in effect be using, only the name “Paul Hastings,” and that the opponent had already established a very substantial and extensive reputation under the name “Hastings” in Hong Kong. The hearing officer replied that it must not be assumed against an applicant that he is going to use his mark unfairly in the sense that he is going to use something different, by leaving out or obliterating any parts of the mark so as to make it more like that of the opponent. The court presumes that a trade mark will be used fairly and without fault. This presumption can be rebutted if there is evidence that the applicant does actually use and intends to use his mark so altered as to make it more resemble that of the opponent. After considering the evidence, the hearing officer determined that the applicant had used both the suit mark and the name “Paul Hastings” in promoting its legal services, and that therefore the comparison must be between the marks PAUL, HASTINGS, JANOFSKY & WALKER LLP and HASTINGS.

In making the comparison, the hearing officer agreed that, apart from the fact that the surname “Hastings” was used in both the suit mark and the opponent’s mark, there was no similarity between the two marks. She determined that the suit mark as a whole was distinguishable from the word “Hastings” alone, notwithstanding that “Hastings” had been used in Hong Kong for a long time.

In considering the class of people that would be making the comparison, counsel for the applicant pointed out that the purchase of legal services is not a frivolous matter. Legal services are costly and are not sought frequently by members of the public. Counsel argued that the expense meant that it was unlikely that consumers would be confused or deceived. In addition, counsel argued that clients seeking legal services from international firms generally were more educated. The hearing officer agreed that the circumstances of the trade would significantly minimize any possible risk of deception or confusion. She also found that, in regard to the practice of naming law firms, clients could be expected to be familiar with even minor variances between the names of different firms.

Counsel for the applicant accepted that although the alleged incidences of confusion filed by the opponent were post-application, such evidence was relevant to the question of whether there was a tendency to confuse. The applicant dismissed the various examples as being hearsay or because they did not relate to mistake but instead to the name that gave rise to confusion. The hearing officer was not persuaded that there was a likelihood of deception or confusion.
The opponent also argued that the applicant could not claim to be the proprietor of the suit mark under Section 13(1) of the TMO. In order to oppose successfully under Section 13(1), an opponent must establish that it, rather than the applicant, is the proprietor of that trade mark or a virtually identical trade mark registered in respect of identical goods. As there were obvious differences between the marks, it could not be said that they were the same or similar.

The opponent then requested that the Registrar exercise her overriding discretion to refuse registration under Section 13(2) of the TMO. The hearing officer noted that the applicant had commenced operations in the United States and that it had since extended its capabilities across the globe. It was out of the question that the applicant had copied the opponent’s mark or that it intended to trade on the opponent’s reputation. The hearing officer found in favor of the applicant. Costs were awarded to the applicant.594

There was another opposition by Yung Ching Tat and Kong Yuen Hoong, trading as Hastings & Company, against Paul, Hastings, Janofsky & Walker LLP’s application for the trade mark PAUL HASTINGS JANOFSKY & WALKER in Class 16.595 The hearing officer found in favor of the applicant in that opposition as well, for substantially the same reasons.596

Guangzhou Guangxiang Enterprises Group Co., Ltd. Double One Latex Factory applied to register the trade mark DOUBLE ONE, 11, with Chinese Character (the “suit mark”) (below, illustration at left), in Class 9 in respect of industrial latex gloves for protection against accidents.597 The application was accepted for registration and published in the government gazette.

Zhangjiang Rongli Rubber Products Company Limited opposed the application. It claimed to be the proprietor of the trade mark 77 DOUBLE SEVEN 双七 & Device (below, illustration at right), for plastic gloves for industrial purposes and gloves for protection against accidents. This mark was registered in China in Classes 9 and 21, and the opponent was applying in Hong Kong for registration for the same goods and classes.

The opponent argued that the suit mark nearly resembled and was confusingly similar to its marks, and therefore registration of the suit mark should be refused under Sections 12 and 13 of the TMO.

The opponent averred that it had become one of the 500 largest private enterprises in mainland China and its mark had been extensively used since 1995. For that reason, it claimed under Section 13(1) of the TMO to be the proprietor of the mark DOUBLE SEVEN in Chinese characters, thus blocking the applicant from registering the suit mark as the proprietor of that mark.

As was held in *Mila Schon Group SPA v. Lam Fai Yuen*, a claim to proprietorship arises only if the marks are identical or virtually identical. The Registrar compared the marks at issue side by side and found noticeable differences between them. Consequently, he held that the marks were not identical or virtually identical. The objection under Section 13(1), therefore, failed.

The opponent further relied on Section 12(1) of the TMO, which provides that “it shall not be lawful to register as a trade mark . . . any matter the use of which would be likely to deceive” or would not be entitled to protection in a court of justice.

In order to substantiate a claim under Section 12(1), an opponent must establish that it has a sufficient reputation in relation to its mark. The onus then shifts to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception arising among a substantial number of persons if the applied-for mark proceeds to registration.

The opponent submitted documents evidencing that it enjoyed substantial sales of goods under the mark 77 DOUBLE SEVEN 双七 & Device between 1995 and 2002. The Registrar was satisfied that the opponent had established a reputation in its mark in the Hong Kong market for latex industrial gloves prior to the application date. As a result, the onus shifted to the applicant to show that the use of the suit mark would not be reasonably likely to cause deception among a substantial number of persons.

The Registrar applied the test set out in *Smith Hayden & Co Ltd’s Application*. In this case, the test was whether, after considering the reputation of the opponent’s mark in respect of

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598. [1998] 1 HKLRD 682.
599. (1946) 63 RPC 97.
latex industrial gloves, the tribunal was satisfied that the suit mark, if registered and used in a normal and fair manner in connection with the specified goods, would be likely to cause deception and confusion among a substantial number of persons.

Having compared the opponent’s mark and the suit mark as a whole, visually, aurally, and conceptually, the Registrar found that the suit mark was similar to the opponent’s mark. Moreover, the applicant’s goods were the same as the opponent’s goods. Under these circumstances, the Registrar concluded that the applicant had not discharged its onus of establishing that there would be no reasonable likelihood of confusion or deception if the suit mark were put on the register.

The Registrar then considered the justification for exercising his discretion by virtue of Section 22 of the TMO. The prerequisite was whether the applicant could establish that there was honest concurrent use or special circumstances.

On the evidence, the Registrar accepted that the applicant had used its mark at least since the 1980s, while the opponent had only begun to use its mark in Hong Kong since 1995. In addition, the Registrar determined that the sales volume of the applicant’s goods in Hong Kong was more substantial than that of the opponent’s goods. The Registrar concluded that a strong case of honest concurrent use had been made out and there were special circumstances that made it proper for him to exercise his discretion to permit registration by the applicant of the suit mark.

The Registrar found in favor of the applicant, with costs assessed against the opponent.600

There was a mirror opposition by Guangzhou Guangxiang Enterprises Group Co., Ltd. Double One Latex Factory against the application by Zhanjiang Rongli Rubber Products Company Limited for the mark 77 DOUBLE SEVEN 双七 & Device in Class 9.601 The opponent based its opposition on prior rights in the mark 11 DOUBLE ONE 双一.

The Registrar found that the marks at issue were similar.

As the Registrar was not satisfied that the concurrent use of the applied-for mark was honest, the case was decided in favor of the opponent.602

Eastco International Investment Limited applied to register the trade mark LAVINCI & Device (the “suit mark”), for goods in

Classes 3, 18, and 25 (see below). Escada Aktiengesellschaft filed a notice of opposition to the registration.

The opponent is the owner of the DOUBLE E logo marks, for goods in Classes 3 and 25 (see below). These marks were applied for earlier than the suit mark and were registered in 1994.

The opposition was based on Section 12(3) of the TMO. That provision is similar in effect to Section 5(2) of the U.K. Trade Marks Act 1994, which implemented Article 4(1)(b) of the European Trade Marks Directive. Section 12(3) of the TMO prohibits the registration of a trade mark that would be likely to cause confusion on the part of the public because it is similar to an earlier-registered trade mark and because it is to be registered in respect of goods or services that are identical or similar to those covered by the earlier mark.

The Registrar applied the global appreciation test set out by the European Court of Justice in Sabel BV v. Puma AG. The global appreciation of the visual, aural, or conceptual similarities of the marks in question must be based on the overall impression conveyed by the marks to the average consumer, bearing in mind the distinctive and dominant components of the marks. The Registrar accepted that in a composite mark, words “speak louder” than devices. An average customer is considered to be reasonably well informed, observant, and circumspect, and someone who normally perceives a mark as a whole and does not proceed to analyze its various details.

A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa. Mere association is not enough. The similarity must cause the

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604. Section 5(2) provides: “A trade mark shall not be registered if because—(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”


public to wrongly believe that the goods come from the same or economically linked undertakings.

Comparing the marks as a whole, the Registrar maintained that the average consumer would be unlikely to be confused.

The Registrar further considered the distinctiveness of the opponent’s mark. Under the *Sabel v. Puma* test, the more distinctive an earlier mark, the greater the likelihood of confusion. Factors taken into account are:

1. The market share held by the mark;
2. How intensive, geographically widespread, and longstanding the use of the mark has been;
3. The amount spent on promotion of the mark; and
4. How the consumer perceives the mark.

The opponent tried to prove reputation by submitting evidence on the extensive use of the mark going back to 1994. However, the Registrar noted that the evidence did not provide a geographical breakdown on the sales and advertising figures in individual markets. Therefore, it was unclear whether the use was in Hong Kong. Moreover, there was no independent evidence of the reputation of those marks by way of consumer survey or statements of chambers of commerce or trade associations. The Registrar found that the opponent had not established that the DOUBLE E logo marks had a reputation in Hong Kong and that the distinctiveness of those marks had not been enhanced through use.

The opponent further relied on Section 12(5)(a) of the TMO, under which a mark may not be registered if its use in Hong Kong is liable to be prevented by the law of passing off. In considering the opponent’s evidence as a whole, the Registrar was not satisfied that the opponent had established goodwill in the Hong Kong market. Because the degree of similarity between the suit mark and the opponent’s mark was low, it was not likely that the public would be confused that goods bearing the suit mark and offered by the applicant were goods of the opponent. The element of misrepresentation was therefore not made out. It followed that the opponent was unlikely to suffer damage. Hence, passing off could not be established.

The opponent also argued that the DOUBLE E logo marks were entitled to protection under the Paris Convention as a well-known trade mark. However, the Registrar determined that the opponent had failed to establish that the marks were well known in Hong Kong at the relevant date, because no information on the degree of knowledge or recognition of these marks in any relevant sector of the public was provided.

The Registrar also found no real evidence to support the opponent’s claim that the use of the suit mark would take unfair
advantage of, or be detrimental to, the distinctive character or reputation of the DOUBLE E logo marks. The claim could not be made merely based on the assumption that the earlier mark had a substantial reputation.

Finally, the opponent alleged that the application for registration of the subject mark was made in bad faith. Bad faith is a serious allegation, and dishonesty must be proven on the part of the applicant. The test is whether any dealings fall short of the standards of acceptable commercial behavior as observed by reasonable and experienced people in the trade.

The opponent argued that the applicant deliberately adopted a logo similar to the opponent’s DOUBLE E logo and thereby took unfair advantage of the opponent’s reputation. The Registrar rejected this argument, finding that the device element in the suit mark was derived from the applicant’s first draft logo. The applicant was not dishonest because no materially false statement was made in its application form.

As a result, the Registrar concluded that all the oppositions failed, and awarded the applicant costs.607

II.C.1.b. Personal Names

Yung Ching Tat and Kong Yuen Hoong, trading as Hastings & Company, applied to register the word mark HASTINGS (the “suit mark”) in Class 42 in relation to, inter alia, legal services and intellectual property agency and consultancy services (see below).608 The Registrar of Trade Marks accepted the suit mark for registration and published the fact in the government gazette. Paul, Hastings, Janofsky & Walker LLP opposed the application.

HASTINGS

The opponent asserted that it had offered legal services in the United States in the state of California since 1951 and had since provided legal services throughout the world, including in Hong Kong and London, under the marks PAUL HASTINGS JANOFSKY & WALKER, PAUL HASTINGS (logo), and PAUL HASTINGS (plain letters). It further asserted that it had acquired a strong reputation in the marks. The opponent argued that the suit mark was neither distinctive nor capable of distinguishing the applicant’s services and was not inherently registrable. Use of the suit mark by the applicant would, the opponent contended, be likely to deceive or would be disentitled to protection in a court of justice, and the mark’s registration would unfairly prejudice the opponent’s business interests.

607. Registrar of Trade Marks, June 28, 2007 (unreported).
The applicant either denied or did not admit the grounds of opposition. It argued that it had acquired a substantial reputation and goodwill in the marks containing the word HASTINGS, including the marks HASTINGS, HASTINGS & CO, and HASTINGS & Device, in relation to legal and related services in Hong Kong and throughout the world.

At the hearing, counsel for the opponent questioned whether the HASTINGS mark was registrable, as it was a surname. The Registrar noted that this issue had to be considered de novo based on the pleadings and evidence filed in the opposition proceedings and the submissions before the Registrar. Even though the Registrar had issued leave to advertise, this acceptance did not assist the applicant in the opposition.

The hearing officer reviewed the guidelines relating to the registrability of surnames. She concluded that because the word HASTINGS appeared only twice in the Hong Kong telephone directory at the time of the application, it met the Registrar’s standard of accepting only surnames that appeared no more than 50 times in the directory. The HASTINGS mark would therefore prima facie be registrable under Section 9(1)(d) of the former Trade Marks Ordinance.609

Counsel for the applicant also argued that the suit mark was a very uncommon surname in Hong Kong and was not, according to its ordinary signification, a surname. Counsel for the opponent argued that in determining whether a trade mark is in its ordinary signification a surname, the circumstances of the case must be taken into account. In this regard, the opponent’s counsel submitted that the suit mark was used in relation to legal services and that such services were in reality often named by reference to the proprietors’ surnames.

The hearing officer noted that in accordance with the judgment of the Hong Kong Court of Appeal in Mattel Inc v. Deluxe Manufacturing Ltd,610 the hearing officer is not bound by the contents of the practice circular issued by the Registrar. The circular refers to the Registrar’s practice and does not set out the law. The hearing officer concluded that the ordinary signification of “Hastings” was surnominal. As “Hastings” is a surname according to its ordinary signification, it was not registrable under Part A of the register by virtue of Section 9(1)(d).

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609. TMO, Schedule 5 (Transitional Matters), Section 1(5) (Annex) contains relevant provisions of the repealed Trade Marks Ordinance (L.N. 35, June 15, 2000). Oppositions to registrations that were still pending as of April 4, 2003, are to be determined under the provisions of the repealed Ordinance. Section 9(1)(d) provided: “A trade mark (other than a certification trade mark) to be registrable in Part A of the register shall contain or consist of at least one of the following essential particulars— . . . a word or words having no direct reference to the character or quality of the goods or services, as the case may be, and not being according to its ordinary signification a geographical name or a surname. . . .”

610. [2006] 1 HLRD 143.
The hearing officer then had to decide whether the mark was registrable under Section 9(1)(e)\(^{611}\) on the basis of acquired distinctiveness. In order to be registrable under Section 9(1)(e), both inherent adaptability to distinguish and actual adaptability to distinguish in fact must be considered and satisfied. Hence, even if a mark is found to have 100 percent factual distinctiveness, it will still not be registrable if it is not inherently adapted to distinguish the services in respect of which registration is sought.

The issue in this case was whether the suit mark possessed both inherent adaptability to distinguish and actual adaptability to distinguish in fact. Counsel for the opponent argued that even if the mark had acquired a high degree of distinctiveness, the distinctiveness could not and should not be maintained in the future. This was because the names of law firms in Hong Kong typically comprised a combination of surnames. Counsel argued that no one professional should have a monopoly to the exclusion of others, regardless of the length of use in one locality. In this case, the suit mark had been used continuously in Hong Kong since about 1904.

The applicant’s counsel argued that, even without a registration, no other trader could use the suit mark to indicate the origin of similar services. The mere fact of registration would not cause any more difficulty to other traders.

The hearing officer affirmed the test set out in *W. & G. Du Cros Ltd*:

> [W]hether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods.\(^{612}\)

Having regard to the various authorities, she noted that in determining whether a surname is inherently adapted to be distinguishable, a number of factors must be taken into account. These include (1) whether the surname is unusual; (2) the extent, type, and effect of use of the trade mark; (3) the nature of the trade in those services; and (4) the extent to which registration would prejudicially affect the needs of others.

The issue was whether the registration of the suit mark would unduly restrict the honest service providers with the same surname “Hastings” from providing legal services.

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611. Section 9(1)(e) provided: “A trade mark (other than a certification trade mark) to be registrable in Part A of the register shall contain or consist of at least one of the following essential particulars— ... any other distinctive mark, but a name, signature, or word or words, other than such as fall within the descriptions in paragraphs (a), (b), (c) and (d), shall not be registrable under the provisions of this paragraph except upon evidence of its distinctiveness.”

The hearing officer noted that the applicant was the only party providing legal services under the name “Hastings” in Hong Kong since 1904. She determined that the applicant had been using the suit mark in connection with a wide range of legal services and that the suit mark was both inherently and factually adaptable to distinguish those services.

The hearing officer agreed with the applicant’s contention that the question of whether anybody else has a right to use his or her own name in respect of a service is a different matter from whether the mark is registrable. She held that the suit mark was registrable under Section 9(1)(e).

Counsel for the opponent argued that it was against the public interest to ever allow a monopoly of a surname by a single legal service provider, particularly when the surname was common in the Western world. Counsel requested that the Registrar exercise her discretion by refusing registration of the mark. The hearing officer indicated that the register had been created by the ordinance for the purposes of enabling marks to be entered. She declined to exercise her discretion against the applicant. The mark was allowed to proceed to registration, and costs were awarded to the applicant.613

A separate opposition was filed by Paul, Hastings, Janofsky & Walker LLP against the concurrent application for the mark HASTINGS & CO. in Class 42.614 This opposition also failed.615

ICELAND

I.A.3. First to File Versus First to Use

In Hálendingarnir ehf. v. Fjallafari sf.,616 the Supreme Court affirmed the decision of the District Court of Reykjavik invalidating the registration of the word mark HIGHLANDERS in the name of Hálendingarnir and the decision of the Appeal Board of Competition Matters prohibiting Fjallafari from using the trademark HIGHLANDERS and the domain name highlanders.is. The District Court of Reykjavik had granted an injunction against


the use by Hálandingarnir of the trademark HIGHLANDERS in its business, and that decision also was affirmed.

Fjallafari started a small-scale business in 1996 without formal registrations or licenses, providing bus tours for foreign tourists around Iceland. Soon it started to operate this part of its business under the name Highlander Adventure or Highlander. The company was registered in 1998. It acquired a license for transportation of passengers in 2002 and a license for a travel organization in 2005. At first, Fjallafari used domains including “highlander” combined with the server name, but on May 7, 2001, the domain name www.highlander.is was registered in its name by the Icelandic Internet Authority, ISNIC. Hálandingarnir ehf. (which corresponds to “Highlanders Ltd.”) was established in 2000. In 2001, it was registered on the Company Register with the company name Highlanders as a foreign business, operating tours for foreign visitors around Iceland and specializing in tours to the highlands. All needed licenses were soon acquired, and the business was actively operated and promoted from that time. On February 27, 2001, the domain name www.highlanders.is was registered in the name of Hálandingarnir by ISNIC. On May 13, 2002, the company filed a trademark application for HIGHLANDERS, and the mark was registered without objection.

Both parties agree that they became aware of each other’s operations under the Highlander/Highlanders names in 2001. Brief talks did not result in any arrangements.

In 2004, Hálandingarnir ehf. filed a complaint before the Competition Authority (samkeppnisráð) alleging unauthorized use of the Highlander name and the domain name www.highlander.is by Fjallafari sf. The latter reacted by rejecting the allegation of unauthorized use and filing a complaint against Hálandingarnir for unauthorized use of the Highlanders name and the domain name www.highlanders.is. The Competition Authority ruled in favor of Fjallafari on the basis of its prior use, imposing a ban on the use by Hálandingarnir of the word Highlanders as foreign name, trademark and domain name.617

Hálandingarnir appealed to the Appeal Board of Competition Matters.

The Appeal Board found that Hálandingarnir held registrations for the name Highlanders as a trademark and as a company name for foreign use and that, as these registrations had not been invalidated, the company held the right to this word. Accordingly, the Appeal Board ruled in favor of Hálandingarnir.618


Fjallafari brought proceedings against Hálendingarnir in the District Court of Reykjavik requesting invalidation of the latter's registration of the word mark HIGHLANDERS and of the decision by the Appeal Board of Competition Matters forbidding Fjallafari from using the trademark HIGHLANDERS and the domain name highlanders.is. In addition, Fjallafari requested a ruling that Hálendingarnir was not allowed to use the HIGHLANDERS trademark in its business.

Hálendingarnir pleaded acquittal, and subsidiarily that the Court rule that the parties had equal rights to the trademark HIGHLANDERS for use in their business.

Fjallafari argued that its constant use of the name Highlander Adventure or Highlander since 1996 was supported by numerous witnesses, and that its measures for stopping the use of the HIGHLANDERS trademark by Hálendingarnir had been taken within a reasonable time, at least within the prescribed five-year time limit.

Hálendingarnir claimed that it had acted in good faith in that it had originally conducted a search for the trademark HIGHLANDERS, which had turned up nothing. It also claimed that Fjallafari had used the word in a very inconspicuous and limited manner and that Fjallafari’s operation of transport and tourist services was illegal until 2002 and 2005, respectively, and therefore not suitable for establishing a right to the mark through use. As to the request for coexistence of the marks, Hálendingarnir invoked Article 6 of the Trade Marks Act, which limits trademark rights by prohibiting a mark owner from preventing others from using the mark as a company name, and Article 9, which requires coexistence when the trademark owner has not made arrangements for stopping use of a confusingly similar mark within reasonable time limits.

getfile.aspx?itemid=1077 (in Icelandic). In such matters, the Competition Authority (samkeppnisráð) technically is a party; therefore, an appeal to the Appeal Board is filed against the Competition Authority (in this case, against Neytendastofu, a new institution that has taken over the hearing of these matters from samkeppnisráð).


Provided the use is in accordance with honest business practice, the proprietor of a trade mark may not prohibit others from using in trade or business:

1. his own name, name of real property or [name] of his commercial operations; [and]

2. descriptions of a type of goods or services, their condition, quantity, use, price, [or] origin, when produced or offered to the public, or of other characteristics of goods or services.

If the owner of a trade mark has placed on the market goods or services that enjoy trade mark rights or authorize such, he may not subsequently hamper the use, sale, rental, import, export or other distribution of the goods or services.

620. Article 9 provides: “A later right to a trade mark may also enjoy protection parallel to the right of an earlier mark, even though the marks may be confusingly similar, if the
The District Court held that prior and constant use by Fjallafari was proven and that lack of licenses for that use for some years did not affect the rights acquired as a result of that use. It further held that Fjallafari’s measures for stopping the use of the trademark HIGHLANDERS by Hálandingur were taken within a reasonable time, and it rejected the request by Hálandingeinn for coexistence. Accordingly, the Court ruled in favor of Fjallafari in all respects. The Supreme Court affirmed without further remarks.

The case is significant, as there have been few, if any, matters dealing with a claim for coexistence, as well as the determination of a reasonable time to prevent use of a confusingly similar mark. The circumstances are special, and the registered Icelandic company name corresponding to Highlanders and the company name Highlanders registered for use in foreign business since 2001 also make it special. In view of the circumstances, a ruling in favor of coexistence and modification of the marks for the purpose of differentiation, which is provided for in the Trade Marks Act, would seem to have been a possibility. The District Court did not award costs to the winning party, indicating some doubt on its part as to the rights of the parties.

I.D.1. Similarity of Marks

Registration of the word mark EBIVOL, for medicine and medical preparations in Class 5, in the name of Actavis Group hf. of Iceland was published in the official gazette for opposition purposes. Novartis AG of Switzerland filed an opposition on the ground that the applied-for mark was confusingly similar to its prior-registered word mark SEBIVO, for pharmaceutical preparations in Class 5.

Actavis Group invoked previous decisions allowing for increased resemblance between trademarks for drugs sold by prescription. The Registrar found that there was little visual or phonetic resemblance between the marks and rejected Novartis’s proprietor of the earlier trade mark has not, within a reasonable time, taken the necessary steps to prevent the use of the later mark.”


claim for invalidation.\textsuperscript{624} With respect to the applicant’s argument for allowing increased resemblance between trademarks for prescription drugs, the Registrar referred to the judgment of the European Court of First Instance (CFI) in \textit{Biofarma SA v. OHIM}.\textsuperscript{625} In that case, the CFI established that no increased resemblance between marks should be allowed when determining similarity of drugs sold by prescription, as not just trained pharmaceutical experts are involved—the patient, too, is subject to the danger of confusing similarity.

This case is interesting, as the Registrar’s holding clearly is a departure from the jurisprudence of the Icelandic Supreme Court, which has allowed increased resemblance between trademarks for drugs sold by prescription.

\section*{I.F. Famous and Well-Known Marks}

On December 22, 2003, the Icelandic company Stjörnuverslun ehf. applied for national registration of the trademark VIAGUA (see below), for goods in Classes 3\textsuperscript{626} and 32.\textsuperscript{627} Registration of the mark was published in the official gazette for opposition purposes.

\begin{center}
\textbf{Viaqua}
\end{center}

Pfizer Products Inc., based in the United States, filed an opposition against the registration, arguing confusing similarity of the VIAGUA trademark and its prior-registered word mark VIAGRA,\textsuperscript{628} for goods in Class 5.\textsuperscript{629} Pfizer asserted that its mark

\begin{itemize}
\item \textsuperscript{626} “Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices; creams, gel.”
\item \textsuperscript{627} “Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.”
\end{itemize}
enjoyed worldwide fame and accordingly enjoyed protection with respect to similarity of goods. It did not, however, provide evidence for worldwide fame, arguing that proof of this did not require documentation in view of the special sexual purpose of the medicine. The Registrar agreed with the opponent regarding confusing similarity of the marks at issue and the worldwide fame of VIAGRA, but he invalidated the VIAGUA registration only in part—that is, for the goods he considered confusingly similar, namely cream and gel in Class 3.

Pfizer appealed the Registrar’s decision. It contended that when both similarity of marks and worldwide fame have been admitted, the protection of a world-famous mark inevitably extends to all goods and services covered by the mark. The Appeal Board affirmed the worldwide fame of the VIAGRA trademark despite the fact that no formal evidence to that effect had been submitted. It also affirmed the similarity of the marks and ruled that the trademark registration for VIAGUA be fully invalidated.630

This decision is interesting in that the arguments submitted by Pfizer—no need for documentation for world-famous marks and no examination of similarity of goods when world fame has been admitted—have not been so clearly dealt with in other recent decisions.

INDONESIA

I.F. Famous and Well-Known Marks

In JBL v. JPL Jimmy Peter Lina,631 Harman International Industries, Inc., an international audio equipment company incorporated in the state of California, USA, brought a cancellation action against Eddy Sevie, an Indonesian individual. The plaintiff is the registered owner of the well-known JBL trademark and related marks (collectively, the JBL trademark) (below, illustration at left), which are registered in several countries,632 including Indonesia, for computer hardware and software, and other electrical or electronic apparatus of a scientific nature, in

629. “Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.”


632. Singapore, Hong Kong, Australia, Japan, Philippines, the United Kingdom, and the United States.
Class 9. The defendant owns registrations in its name for the trademark JPL JIMMY PETER LINA (below, illustration at right).  

![Plaintiff's Trademark](image1.png) ![Defendant's Trademark](image2.png)  

Harman International argued that Sevie registered his trademark JPL JIMMY PETER LINA long after its well-known trademark JBL was introduced. It further argued that the marks were basically similar. According to the Article 6(1)(a) of the Indonesian Trademark Law, in determining the existence of basic similarities between two marks, “the similarities are based on the elements that stand out between one mark and the other mark, such as similarities in shape, placement, font, or a combination of these elements, or a similar pronunciation of these marks.”

It was clear, the plaintiff asserted, that the marks JPL JIMMY PETER LINA and JBL had the kind of similarities described in the statute. Specifically, (1) the elements that formed the essential part of both marks (J, B, and L and J, P, and L, respectively) were the same; (2) the marks were pronounced the same way; (3) they were laid out similarly, so that if they were compared side by side they could be considered the same; and (4) they covered goods in the same class (Class 9).

Harman International contended that consumers could be deceived or misled as to the source of the company’s goods, erroneously thinking either that the defendant’s product bearing the trademark JPL JIMMY PETER LINA originated from the plaintiff or that Sevie had a business relationship with Harman International. Furthermore, it was difficult to imagine that the defendant had any other purpose in registering his trademark except the bad-faith intention to ride on the fame of the plaintiff’s

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633. The JBL trademarks that are registered in Indonesia include (i) JBL: Registration No. IDM000040852, filed April 16, 2003; (ii) JBL SYNTHESIS: Registration No. 553228, filed October 21, 2002; and (iii) JBL AUTOMOTIVE LOUDSPEAKER: Registration No. IDM000024475, filed February 5, 2005.


635. Law No. 15 of August 1, 2001, Regarding Marks.
trademark and to profit without hard work. There were any number of words or combinations of words and other elements that Sevie could have used as his mark without copying Harman’s trademark. Therefore, the defendant’s actions were contrary to both the law and Indonesia’s system of justice. The purpose of the Trademark Law was to protect the user or registrant that was acting in good faith, not a party that was acting in bad faith.\footnote{Trademark Law art. 4.}

The plaintiff argued that the evidence presented demonstrated that in accordance with Article 6(1)(b) of the Trademark Law and the requirement that, to be considered well known, a mark must have acquired a reputation through the owner’s continuous and large-scale marketing efforts worldwide and be registered in several countries, its trademark JBL qualified as a well-known mark and was entitled to the appropriate legal protection. Alternatively, if the evidence proffered was not considered sufficient, Harman International requested that the Commercial Court instruct an independent institution to conduct a survey to determine whether its mark was well known.

The criteria for well-known marks also were addressed by the Supreme Court in a case involving the cancellation of the trademark SERGIOROSSI.\footnote{Case No. 035K/N/HKI/2004, juncto Case No. 45/Merek/2004/PN.Niaga.Jkt.Pst (Commercial Court, Central Jakarta District Court, November 9, 2004).} In that decision, the Court considered the fact that the plaintiff’s SERGIOROSSI mark had been registered and extensively marked in several countries. Comparing that case with the present one, Harman International argued that it had the exclusive and sole right to use its trademark JBL and that therefore the mark be recognized as famous.

Harman International asked that the Court (1) accept its claims; (2) declare that it was the sole owner of the JBL trademark; (3) declare that the defendant’s trademark JPL JIMMY PETER LINA had been filed with the bad-faith intent of imitating the plaintiff’s well-known trademark JBL; (4) declare that the defendant’s mark was similar, either in its entirety or basically, to the plaintiff’s mark; (5) expunge the defendant’s mark from the General Register, with all of the attendant legal consequences; and (6) order the defendant to bear the costs of the case.

Sevie made the following arguments regarding procedural issues:

1. Harman International’s claim was filed error in persona—that is, it was addressed to the defendant as a ruse, in that the plaintiff’s mark had nothing to do with the defendant’s mark, which was earlier registered at the
Directorate General of Industrial Property Rights of the Trademark Office (DGIPR).

2. Harman International did not recognize the proper parties in its claim, that is, the claim did not include the DGIPR, which had issued the disputed trademark certificate, as the second defendant. As a result, consistent with the Supreme Court’s earlier decisions on the matter, the plaintiff’s claim should not be accepted.

Sevie requested that the Panel of Judges of the Commercial Court reject Harman International’s claim, or at least declare that it could not be accepted by law.

With regard to the merits of the case, the defendant argued as follows:

1. He was the registered owner and first user of the trademark JPL JIMMY PETER LINA, covering goods in Class 9 and dating back to April 24, 2001, whereas Harman International’s JBL trademark was not registered until April 16, 2003. The plaintiff’s other marks, JBL SYNTHETIS and AUTOMOTIVE LOUDSPEAKER, were not registered until October 21, 2002, and February 5, 2005, respectively. The Trademark Law follows the constitutive system, whereby the owner of a registered trademark has the exclusive right to use its mark.

2. He firmly rejected Harman International’s claim that the marks at issue were similar. According to the defendant, there were no similarities between the marks and no legal bases on which to support any similarities as to shape, place, font, and pronunciation, or a combination of these elements and the kind of goods protected. On the contrary, both marks had basic differences. There were no basic similarities of the marks when seen in their entirety, either in the fonts or phonetically. Furthermore, the mark JPL JIMMY PETER LINA was a whole sentence that could not be separated word by word.

3. The difference between the marks was sufficient to prevent Indonesian consumers from being confused or wrongly choosing an unintended product. Furthermore, there was no intention to take advantage of the fame and goodwill of Harman International’s mark. The defendant

cited several decisions in which the Supreme Court ruled that the marks at issue had no similarities.639

4. He also objected to Harman International’s claim that he registered his trademark in bad faith in order to ride on the fame of Harman International’s well-known mark. This issue was not relevant because the defendant had fulfilled his administrative duties by filing the application for registration of his trademark, which could only have been registered if the application were filed by the owner in good faith. In addition, the defendant argued that Indonesian consumers would first carefully examine the mark on the goods that they were going to buy before making a purchase, especially for those products in Class 9, which are expensive and target educated consumers.

Therefore, the defendant asked that the Court (1) accept his argument; (2) reject Harman International’s claims in full; (3) declare the defendant the owner, registrant, and first user of the JPL JIMMY PETER LINA mark; (4) declare that the defendant, as the first registrant of his mark in Class 9, was the rightful owner of the mark; (5) declare that there were no similarities between the marks at issue; and (6) declare that the registration certificate issued by the Trademark Office/DGIPR was valid and that therefore the mark could not be cancelled.

In deciding the case, the Commercial Court made the following determinations:

- With respect to the defendant’s arguments that (1) the plaintiff’s claim was filed error in persona and that it had no relation to the defendant’s trademark and (2) the plaintiff’s claim was lacking in parties because the DGIPR was not involved as the second defendant in this case, the Court was of the opinion that the plaintiff’s claim was not filed error in persona because, according to Article 70 of the Trademark Law, there is no obligation to include the DGIPR as the second defendant. However, the DGIPR is bound to carry out the administrative portion of the Court’s judgment and to have it issued in the Trademark Journal after receiving the copy of the judgment. Therefore, the defendant’s argument was rejected.

- On the issue of the plaintiff’s being the user and owner of the JBL trademark, covering goods in Class 9, and the defendant’s having an earlier-filed mark covering goods in the same class, the threshold matter of whether the plaintiff’s mark was well known had to be determined first. According to Article 6(1)(b) of the Trademark Law, a well-

known mark should fulfill certain requirements: (1) knowledge of the mark by consumers in a specific business area; and (2) reputation of the mark as a result of (a) continuous and extensive promotion of the mark, (b) heavy investment in the mark by the owner in several countries, and (c) the mark’s registration in several countries. From the evidence presented, it was clear that the plaintiff had established an image of its JBL mark in society, which, the Court considered, was proof that the plaintiff had invested in and marketed its products in several countries. Consequently, it could be inferred that the plaintiff’s JBL mark was well known.

- The Court’s comparison of the marks showed that there were strong similarities between them because (1) they both used the same black color as background; (2) the letters in both marks were combinations of three consonants, namely JBL and JPL, and when pronounced they produced similar phonetic sounds, namely “Jay Bee El” and “Jay Pee El”; (3) the additional words JIMMY PETER LINA in the defendant’s trademark did not make a significant difference to that mark; and (4) both marks covered products in Class 9.

The Commercial Court determined that Sevie registered his trademark in bad faith to deceive consumers into believing that the trademark was Harman International’s well-known mark. Therefore, it rejected the defendant’s arguments and accepted the plaintiff’s claim in full. The Court held that (1) the plaintiff was the sole owner of all the rights in the JBL mark; (2) the defendant’s JPL JIMMY PETER LINA mark was filed in bad faith because it copied the plaintiff’s well-known mark; and (3) the defendant’s mark had, at least, basic similarities to the plaintiff’s mark. Accordingly, the Court ordered the cancellation of the defendant’s registered trademark JPL JIMMY PETER LINA and its expungement from the General Register of the Directorate of Marks of the DGIPR and ordered the defendant to pay the costs of the case.

This decision is final and binding, as the defendant did not appeal to the Supreme Court.

Magic Com Co., Ltd (Magic Com), a Korean company, filed a cancellation action against PT Yong Ma Indonesia (PT Yong Ma) for its trademark registrations. Magic Com is the owner of several registered trademarks, namely YONG MA and YONG MA & Device (below, illustrations at left), and all other variations of the YONG MA trademarks in Indonesia, covering goods in Classes 7,
8, 9, 11, 16, 30, and 42. The marks were registered in 1995, 1997, and 1999. It is also the owner of trademark registrations for YONG MA in several other countries, including Thailand, Vietnam, Philippines, Malaysia, China, Taiwan, and Korea. The defendant, an Indonesian company, had registered the marks YONG MA\textsuperscript{641} in 1997 and YONG MA & Device,\textsuperscript{642} both in Class 21, in 1999 (below, illustrations at right).

![Plaintiff’s Trademarks](image1)![Defendant’s Trademarks](image2)

The plaintiff argued as follows:

- Magic Com coined the YONG MA mark to use as its business name, YONG MA Electric Co., Ltd., in Korea and to make consumers aware that its products originated from Korea. In addition, YONG MA was a well-known trademark and was registered in many countries.

- There was strong evidence that the plaintiff’s YONG MA trademark and its variations should be categorized as well known. They were registered in Indonesia and in several countries, where the plaintiff had continuously and actively promoted them. These activities were explained in the Elucidation of Article 6(1) of the Trademark Law, which states that a trademark’s reputation as a well-known mark can be evidenced by active promotion, investment, and registration of the mark in several countries.

\textsuperscript{641} Registration No. 382737, granted August 15, 1997.

\textsuperscript{642} Registration No. 424169, granted March 22, 1999.
The defendant filed its marks YONG MA and YONG MA & Device in bad faith, in contravention of Article 4 of the Trademark Law, which requires that a trademark be filed in good faith, as well as Article 6(1)(b), which prohibits registration of a mark that has basic similarities to a well-known mark of another party for the same kind of goods or services, and Article 6(2), which prohibits registration of a mark that has basic similarities to a well-known mark for other kinds of goods or services.

The defendant’s bad faith was clearly evidenced by its use of the same business name as the plaintiff’s trademark, which would mislead the public into believing that their products originated from the plaintiff’s country, Korea, and which was contrary to Article 4 of the Trademark Law.

The defendant’s YONG MA trademarks had basic similarities to the plaintiff’s mark, and if used together in the market they would create confusion for the public regarding the source of the products.

It was not possible that the defendant filed the YONG MA trademarks without the intention of riding on the fame of the plaintiff’s mark, which was established and maintained for many years at a major cost to the plaintiff.

Magic Com asked that the Commercial Court (1) accept its claim; (2) declare that it was the owner and first registrant of the YONG MA trademark in Indonesia and worldwide, thus giving it the sole right to use the YONG MA mark; (3) declare that the defendant’s trademarks had basic similarities to the plaintiff’s trademarks; (4) declare that the defendant’s trademarks should be cancelled, with all the attendant legal consequences; (5) instruct the Trademark Office to delete the trademarks from the General Register and to announce the cancellation of these marks in the Trademark Journal; and (6) order the defendant to pay the costs of the case.

The defendant countered as follows:

The plaintiff’s claim was obscure libel—that is, it was vague and unclear regarding the statement of facts (posita) involving the argument that the mark was well known and the demand (petitum) that the plaintiff did not ask that YONG MA be declared a well-known mark.

The plaintiff’s claim did not join the proper parties because it failed to include the DGIPR as the second defendant, the plaintiff having asked the Court to instruct this government office to implement the Court’s judgment.

The plaintiff’s claim was filed after the period to file a cancellation action against a registered trademark had
expired, specifically, after five years from the registration date of the defendant’s trademarks.

The Commercial Court ruled in favor of the defendant, PT Yong Ma. It accepted in full the defendant’s argument that the plaintiff’s claim was filed after the time period to file a claim against a registered trademark had expired, and ruled that the claim was rejected and could not be accepted.

Unsatisfied with the decision, the plaintiff filed an appeal to the Supreme Court on the following grounds:

- The Commercial Court (judex facti) wrongly accepted the defendant’s argument on the issue that the time for the plaintiff to file its cancellation action had expired. The court overlooked the legal exception where the mark concerned involves bad faith and is contrary to public order.

- The Court incorrectly relied on Article 69(1), which states that a lawsuit for cancellation of the registration of a mark should be filed within a period of five years after the mark’s registration, without considering Article 4, which states that a mark shall not be registered on the basis of bad faith. In light of this exception, a cancellation action involving a registered trademark that was filed in bad faith is precluded from the five-year time bar.

- The Court wrongly considered the filing of the defendant’s trademarks YONG MA and YONG MA & Device. Both were originally registered in the name of Mr. Rusdy Sutjioto, and on May 8, 2005, the rights to these marks were assigned to PT Yong Ma Indonesia, a company that was owned by Mr. Sutjioto.

- The Court failed to consider the bad-faith intent of the defendant when it filed its marks. The defendant used the PT YONG MA INDONESIA mark as its business name for the purpose of riding on the fame of the plaintiff’s well-known YONG MA trademark and acting as the official distributor of the plaintiff’s products. This was evident because the defendant’s company was registered at the Department of Justice in 2001, whereas the plaintiff’s YONG MA trademark was registered in December 1995, long before the registration of the defendant’s trademark.

The Supreme Court allowed the appeal and reversed the judgment of the Commercial Court. It ruled that

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643. Magic Com Co., Ltd v. PT Yong Ma Indonesia, Case No. 10/Merek/2006/PN.Niaga.Jkt. Pst (Commercial Court, Central Jakarta District Court, May 24, 2006).

644. Case No. 18/Kas/Merek/2006/PN.Niaga.Jkt. Pst (Supreme Court, August 30, 2006).
1. The defendant’s argument that the five-year period for filing the trademark cancellation suit had expired should be decided in the main claim and not in the exception.

2. The plaintiff’s claim was filed because of the bad faith of the defendant in registering the trademarks YONG MA and YONG MA & Device.

3. The plaintiff’s YONG MA trademark was registered on August 4, 1997, before the registration of the defendant’s YONG MA trademark on August 15, 1997.

4. The plaintiff’s YONG MA trademarks are well known because:
   a. They are registered in Indonesia and in other countries;
   b. The YONG MA mark is widely known by the public in connection with household wares, namely cooking ware and rice cookers, that are used on a daily basis; and
   c. They have been strongly and continuously promoted by the plaintiff.

5. The YONG MA trademark was originally derived from the plaintiff’s company name, Yong Ma Electric Co., Ltd.; and

6. The marks at issue had basic similarities regarding their shapes, placement, fonts, and sound when spoken, and it was clear that the defendant had registered its marks in bad faith in order to ride on the fame of the plaintiff’s marks, which, according to Article 69(2), is contrary to morality, religion, ethics, law, and public order.

Accordingly, the Supreme Court (1) accepted the plaintiff’s appeal; (2) cancelled the Commercial Court’s judgment; (3) accepted the plaintiff’s claim in full; (4) held that the plaintiff was the owner and first registrant of the YONG MA mark in Indonesia and internationally, which included its sole right to use the mark; (5) instructed the DGIPR to cancel the defendant’s trademarks from the General Register and publish an announcement to that effect in the Trademark Journal; and (6) ordered the defendant to pay all legal costs.

It should be noted that in this decision the Supreme Court acknowledged that affording protection for a well-known mark is very important, and cancelled registered trademarks that were substantially similar to a registered well-known mark and whose registration involved bad faith.

In addition, the Supreme Court agreed that a trademark cancellation action can be filed only against the defendant and that there was no obligation to add the Directorate General of
Industrial Property Rights as the second defendant in this case, even though the DGIPR had to carry out the judgment of the Supreme Court to cancel the defendant’s trademarks.

IRAN

I.D.1. Similarity of Marks

Hans Schwarzkopf GmbH, the German manufacturer of personal care products, filed a petition before the First Instance Public Court of Tehran requesting cancellation of the trademark KALODERMA, registered by PAK Kish, an Iranian company, in Classes 8, 10, 35, and 39.\textsuperscript{645} The plaintiff claimed that the contested mark was similar to its trademark KALODERMA, registered in Iran since 1950.\textsuperscript{646} It claimed, further, that some of the goods covered by the defendant’s trademark did not belong to the classes in which that mark was registered, and in fact were related to Class 3, the class in which Schwarzkopf’s trademark was registered.

The defendant argued that because the classes in which the marks were registered were different, the general public would not be confused regarding the source of the goods covered.

The court ruled in favor of the plaintiff, holding that Schwarzkopf’s trademark had priority rights over the trademark registered by PAK Kish. In addition, it held that certain goods covered by both marks were similar, and therefore the general public was likely to be confused as to their source.

Accordingly, the court ordered that the defendant’s trademark registration for KALODERMA be cancelled.\textsuperscript{647}

IRELAND

I.D.1. Similarity of Marks

On October 24, 2001, Reynolds Metals Company filed an application for registration of the mark TUB-ITS, and the application was accepted (amended in the course of examination) in respect of “storage containers, not of common metal for household and kitchen use” in Class 21.

The application was opposed by Confresco Frischalteprodukte GmbH & Co. KG on the basis of its prior-registered Community Trade Mark (CTM) TOPPITS (logo), covering a range of goods in

\textsuperscript{645} Registration No. 133062, granted June 14, 2006.
\textsuperscript{646} Registration No. 7529, granted July 18, 1950.
\textsuperscript{647} Case No. 532/3/86, Verdict No. 989 (First Instance Public Court of Tehran, Court Branch No. 3, February 6, 2007).
Classes 6, 16, and 21, including “household or kitchen utensils and containers.”

Following a hearing, the Controller of Patents, Designs and Trade Marks issued a decision rejecting the opposition. The likelihood of confusion was assessed globally, taking into consideration the degree of similarity between the respective marks and the respective goods. With respect to the type of goods concerned, the Controller observed that they were relatively low in cost, and as a result the average consumer would not be especially brand aware and would be likely to pay at least as much attention to the functional aspects of the goods, such as size, shape, and sturdiness. He speculated that the selection of the goods was likely to be the subject of more attention than a mere glance at the trademark, and this reduced any likelihood of confusion. The Controller noted that although the word TOPPITS looked and sounded like the word TUB-ITS, that did not mean that the marks were confusingly similar. He viewed TOPPITS as a meaningless, invented word, whereas TUB-ITS had an obvious meaning (“put in a tub!”) in connection with the goods. Notwithstanding the marks’ similar sound and appearance, the Controller thought it unlikely that for the average person the impression created by the applicant’s mark would have the effect of bringing to mind the opponent’s CTM.

The decision was appealed to the Irish High Court, which upheld the Controller’s finding that there was no likelihood of confusion between the marks. However, the Court rejected the Controller’s assertion that the purchaser’s consideration of the functionality of the goods would reduce the likelihood of confusion.

The High Court differentiated the case before it from a similar dispute decided by a Benelux court in 2006:

In reaching the above conclusion I have carefully considered the judgment given by the Rechtbank’s-Gravenhage [District Court of The Hague] on 19th July, 2006 in a similar dispute between the parties herein in relation to the same two trade marks. There is, of course, the important difference between the assessments made in the respective proceedings that the consumers in Ireland are predominantly English speaking. It was a common case between the parties that the likelihood of confusion in this jurisdiction in these proceedings must be

assessed in that context. Whilst the Court in the Hague did take into account the fact that qualified public in the Benelux countries competent in English might comprehend “TUB-ITS” in a more descriptive way (in the context of conceptual similarity) it appears to me that the distinct visual impact of the dominant first syllables of “top” and “tub” and conceptual differences referred to above did not impact on the judges in that jurisdiction as they have on me. Language may account for this difference. It also appears that, in accordance with the principles set out above, the Court in the Hague concluded that, by reason of the use of “TOPPITS” as a trade mark since at least 1985 and an annual turnover in Belgium and the Netherlands of approximately €7 million in the period 1999 to 2005 and amounts spent on promoting the mark, that “TOPPITS” had “a large degree of distinctiveness and enjoys a considerable degree of consumer awareness.” Such a conclusion on the facts may have justified a higher level of protection. On the facts herein I do not consider that Cofresco has made out a case for the court in this jurisdiction, to take into account a particularly high degree of distinctiveness of the earlier trade mark “TOPPITS” such as it should be granted greater protection in accordance with the principles set out above. Cofresco has given no evidence of any use of the trade mark in the Irish market, therefore it cannot gain an enhanced reputation by reason of such use. It is distinctive, as one would expect of a registered trade mark. However, it does not appear to me that it has any particularly inherent distinctiveness which would justify the Court granting to it a higher level of protection than would be the norm created by the registration of a trade mark.

**I.E. Bad Faith**

Dublin City Council opposed an application by Veolia Water Operations Ireland Limited to register the mark BIOFERT & Device (see below) in respect of “organic and inorganic soil conditioning products; plant foods and nutrients; composts; grow-bags; fertilisers; manures (natural and artificial)” in Class 1.652 The trademark was used on a treated and dried sludge product generated at the opponent’s sewage treatment plant.
The opposition was based on (1) a claim (not substantiated at the time of opposition or after) of use within Ireland since 1999 of an identical mark for fertilisers and soil conditioners and (2) a CTM application for the same mark, filed in 2002. The opponent claimed that the applicant had previously acted as a distributor of its product but that the relationship no longer existed. In response, the applicant claimed that the trademark BIOFERT & Device was created for it and that it had been assigned copyright in the mark. Further evidence filed suggested that the name BIOFERT was chosen by agreement between the parties but that no formal agreement existed as to the ownership of the name.

The Controller found that the evidence filed was less than satisfactory. It did not disclose the full factual background to the matter, and as a consequence he was required to engage in a certain amount of speculation and conjecture. Most surprising of all was the fact that neither party had seen fit to exhibit the contract documents, from which it might have been possible to discern their respective rights and entitlements in relation to the mark. Based on the evidence filed, the Controller could not say for certain which of the parties had proposed the name BIOFERT. He found that the opponent could not claim an exclusive right in it as against the applicant.

The Controller found that the evidence did not point to any dishonesty or sharp practice on behalf of the applicant in seeking to register the mark in its name. He took the view that the recycling of treated sludge was, in practice, a joint undertaking between the parties, albeit the scheme was originally conceived by the opponent. Although the goods may have been manufactured by or on behalf of the opponent, their branding, marketing, and sale appeared to have been the responsibility of the applicant at the relevant time. The Controller was not satisfied that the opponent had shown, on the balance of probabilities, that any goodwill existed at the relevant time in the trademark BIOFERT & Device by virtue of sales of goods under this mark that inured to its benefit. That being the case, the opposition was rejected on the ground of bad faith.

III.F.1. Non-Use

In an application to the Irish High Court, the French firm Compagnie Gervais Danone sued the Irish company Glanbia Foods Society Limited for trademark infringement. Specifically, Danone

653. CTM Application No. 002587236, filed February 21, 2002 (for “treated dry sludge used as an agricultural fertiliser and soil conditioner; fertilisers; soil conditioners; soil nutrients” in Class 1).


claimed that Glanbia’s use of the trademark YOPLAIT ESSENCE in relation to a fermented milk product infringed its trademark ESSENSIS,\(^{656}\) registered in respect of a range of products in Classes 5, 29, 30, and 32, including “milk, powder milk, flavoured gelled milk and whipped milk; milk products namely: milky desserts, yogurts, yogurts to drink, . . . fermented milk products.”

Glanbia counterclaimed for the following:

1. A declaration of invalidity, on the grounds that Danone never had any bona fide intention of putting the trademark ESSENSIS to use in Ireland and that the mark was registered in bad faith; and

2. Revocation, on the ground that within the five-year period following the date of publication of its registration, Danone’s mark had not been put to genuine use in the State in relation to the goods for which it was registered.

The High Court heard that Danone had used the trademark ESSENSIS between 2000 and September 2004 in connection with the marketing, promotion, and sale of yogurt sold under the brand names DANONE and BIO ACTIVIA or ACTIVIA. On the front of the packs of yogurt were the words “with Bifidus ESSENSIS cultures,” the word ESSENSIS being followed by the ® symbol. The Court found that the ESSENSIS mark was never used to designate yogurt but instead was used at all times to designate an ingredient of the yogurt. It held that such use of the mark could be understood only as referring to an identified ingredient, whereas the essential function of a trademark is to guarantee the identity of the origin of the product. Consequently, the Court ordered revocation of the registered trademark.

**III.H.4. Evidence**

In October 1999, Bus Éireann/Irish Bus sought to register the word AIRCOACH as in Class 39 in respect of, *inter alia*, transport services, passenger transport, and cargo transport services. Following publication, Last Passive Limited, which operated an air coach service to and from Dublin airport, opposed the mark.

The rules dealing with the procedures for filing opposition and supporting evidence are contained in Rules 18–23 of the Trade Marks Rules, 1996, which can be summarised as follows:

- Rule 18 provides for the filing of a notice of opposition within three months of the date of publication.
- Rule 19 allows another three months for the filing by the applicant of a counterstatement.

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\(^{656}\) Registration No. 211092, filed October 4, 1999.
• Rule 20(1) provides that the opponent shall file with the Controller such evidence by way of a statutory declaration in support of his or her opposition within three months of receipt of the counterstatement.

• Rule 21 provides that the applicant shall have three months from receipt of a copy of the Rule 20 evidence to file evidence by way of a statutory declaration in support of the application.

• Rule 22 provides that the opponent may, within two months of receipt of a copy of the Rule 21 evidence, file evidence by way of a statutory declaration confined to matters strictly in reply.

• Rule 23 provides that no further evidence may be filed unless the Controller gives leave to either the applicant or the opponent to file evidence upon such terms as to costs or otherwise as the Controller may think fit.

The parties filed their evidence under Rules 20(1) and 21, respectively. The Rule 22 evidence filed by the opponent comprised three statutory declarations. The applicant asserted that one of the declarations raised new issues of fact and was not confined to matters strictly in reply. Accordingly, it requested leave to file evidence under Rule 23 addressing the new evidence. The Controller granted the leave. Two further statutory declarations were filed by the applicant with a request for leave to file a third declaration to deal with a serious allegation of unfair business practice. Following an objection from the opponent, leave to file the third declaration was refused. The issue was the subject of an oral hearing, and on May 27, 2005, the Controller issued a decision refusing the applicant leave to file further evidence. In his decision, the Controller stated that “the Rules did not envisage a form of tactical battle between the parties in the evidence-filing phase of opposition proceedings whereby each side reveals just so much of its case as may be sufficient to cause the other to withdraw but keep in reserve a trump card to play later in the game.” The Controller took the view that the applicant had an opportunity to file the evidence earlier in the proceedings and that nothing had changed in terms of the nature of the objections raised against the application by the opponent to warrant giving the applicant a second bite of the apple.

On appeal, the Irish High Court overturned the Controller’s decision on the basis that the applicant had not been given the opportunity to respond to new evidence filed by the opponent.657 As the evidence and the assertions were directed at establishing that the applicant had acted in bad faith, the Court took the view that,

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as a matter of basic fairness, the applicant must have an opportunity to respond.

The High Court’s judgment is also interesting because it warns that the evidence stages of an opposition or revocation are not to be used for submitting arguments:

Rule[s] 20 – 23 . . . are concerned with filing statements of fact before the Controller, not statements of lay opinion, argument, comments, advocacy or submissions on the law . . . . Although this may be at variance with the current practice before the Patents Office, I would caution that, in view of the underlying policy of the 1996 Rules, that the evidence filing phase should generally be concluded in three stages, allowing either side to stray beyond the parameters of what is expressly allowed—filing evidence of fact—may give rise to either a risk of unfairness or a difficulty in determining whether, as has arisen on this appeal, a particular statement is a mere comment or constitutes a new fact.

ISRAEL

I.A.3. First to File Versus First to Use

Tnuva Inc. is Israel’s largest manufacturer of dairy products, one of the most popular of which is ESHEL. The ESHEL product has been on the market for many years, but Tnuva only recently applied for the registration of the ESHEL trademark. Shortly after Tnuva’s application was filed, Yotvata Dairies, another major Israeli manufacturer of dairy products, applied for registration of the mark YOTVATA ESHEL. For almost 40 years, Yotvata had been marketing products bearing the mark ESHEL, under a distribution agreement with Tnuva.

Owing to the similarity between the marks, the Trademark Office initiated an interference proceeding in accordance with Article 29 of the Israel Trade Marks Ordinance (1972). In an interference proceeding, the owners of the conflicting applications file evidence in an attempt to persuade the Registrar that they have superior rights in the mark at issue.

There are three subcriteria for determining which application prevails: (1) the application date; (2) the date of first use and scope

658. Article 29 provides that where different persons make separate applications to be registered as proprietors, respectively, of identical or misleadingly similar trademarks in respect of the same goods or description of goods, and the later application is filed before the prior application has been accepted, the Registrar may refrain from registering such persons until their rights have been determined by agreement between them approved by the Registrar. In the absence of such agreement, it will be decided, at the Registrar’s discretion, which of the two conflicting applications will continue with the examination process.
of use of the mark; and (3) the applicant’s good faith. Based on the length and scope of its use of the mark, the Trademark Office held that Tnuva’s application prevailed and that Tnuva was entitled to register the mark.

Yotvata appealed to the Supreme Court. It argued that the mark ESHEL had become generic and was not unique to Tnuva.

In considering the appeal, the Supreme Court made the following observations:

- The purpose of the registration of trademarks is to allow trademark owners to protect their marks and to protect the public interest by preventing deception and unfair competition as a result of misleading use of a mark.

- A trademark that has lost its distinctiveness no longer deserves the protection of the law and should remain in the public domain. When a well-known mark is used by more than one manufacturer, it may become generic.

The Court determined that parallel registration of both trademarks could cause consumer confusion, even though in the applied-for mark the appellant had added its house mark, YOTVATA, to the main component, ESHEL.

The Supreme Court held that the mark ESHEL was not generic, as it was still clearly identified with Tnuva. Consequently, it rejected Yotvata’s appeal.659

I.B.1. Generic

Coffee-To-Go Marketing (1997) Inc. owns an Israeli trademark registration for the word and design mark COFFEE TO GO, for the “providing of food and drink” in Class 42.660 Israel Shaked filed a motion to cancel the mark on the ground that the phrase TO GO was generic, symbolized a portable product, and as such should remain in the public domain. In addition, he argued that the expression COFFEE TO GO was commonly used and was therefore non-distinctive.

The Trademark Office accepted Shaked’s motion, holding that the expression TO GO was indeed descriptive of take-away food products, while the word COFFEE was generic. However, because the mark is stylized, the Trademark Office decided not to cancel the registration but instead to add disclaimers of COFFEE and TO GO separately, not in combination as in the mark.

Coffee-To-Go Marketing appealed to the Israeli Supreme Court. It argued that the phrase TO GO was not commonly used in


660. Registration No. 96138, granted September 1, 1996.
Israel. The appellant further argued that it also sold products that were not intended for take-away services, and that in relation to those services the combination COFFEE TO GO was not descriptive.

In considering the appeal, the Supreme Court noted that a motion for the cancellation of a registered trademark could be based on the ground that the mark was not eligible for registration from the onset or was no longer distinctive (i.e., it had become generic). The rationale used in deciding such cases was to maintain the balance between the protection of a registered trademark and the need to prevent expropriations of generic terms from the public domain.

The combination COFFEE TO GO, the Court held, should be viewed as a whole. It had a common meaning, that is, take-away coffee, and was therefore descriptive by nature.

Accordingly, the Supreme Court denied the appeal.661

I.D.1. Similarity of Marks

Unilever Plc. manufactures and distributes a series of skincare products bearing the mark DOVE. Unilever opposed the application for registration of the trademark HANDS HOLDING A DOVE logo, in the name of Eli Segev, for “soaps and cosmetic preparations” in Class 3.662

The Trademark Office denied the opposition on the ground that there was no actual risk of confusion between the marks, and accepted Segev’s application. Unilever appealed to the Supreme Court.

In considering the appeal, the Supreme Court made the following observations:

- Similarity between marks raises the likelihood of confusion between the products. The examination of similarities between marks is based on the following criteria: the appearance and sound of the marks, classification, consumers, other circumstances, and common sense.
- The consumer sees a mark as a whole, and does not observe details, especially when the relevant marks apply to basic products.
- When an application is not limited to specific marketing channels, the products are likely to be marketed to the same consumer via the common channels for that type of product, thereby increasing the risk of consumer confusion.

The Court held that in this case, with the exception of the sound of the marks, all the criteria for similarity of marks had been met, and thus there was a risk of confusion between the products. It further held that Segev’s mark copied the main idea of Unilever’s mark, the dove, and therefore consumers could be misled as to the origin of the goods.

Under Israeli law, a mark is considered well known if it is instantly recognizable by the public. Unilever has promoted the idea that a dove symbolizes hygiene and body nurturing; over the years, the public has come to recognize that idea, making the association with Unilever automatic. As Unilever’s DOVE mark is very well known in Israel, registration of Segev’s mark would constitute unfair competition and dilute Unilever’s mark.

For these reasons, the Supreme Court granted Unilever’s appeal.663

ITALY

I.D.1. Similarity of Marks

The Italian company Balducci S.p.A. owns various Italian, Community, and international trademark registrations for the composite mark BALDUCCI & Greyhound Device, covering goods in Classes 18 and 25 (below, illustration at left). It has used the trademark for its footwear collection since 1969 and for its entire line of products for many years.

In December 2000, the famous Italian fashion company Trussardi S.p.A. filed an Italian application, which it then extended to an international registration, for a greyhound device mark covering goods in Classes 18, 21, and 25 (below, illustration at right). Balducci then brought an action against Trussardi for trademark invalidity and infringement before the Court of First Instance of Milan.

Balducci’s Mark

Trussardi’s Mark

Trussardi argued that its device mark was not confusingly similar to Balducci’s mark, on the ground that because the latter was a composite mark made up of a word component and a figurative element, the word component should be considered the “heart” of the mark. The greyhound device, Trussardi contended, added no distinctive value to the mark.

The Court of First Instance rejected Trussardi’s argument. It held that despite the fact that BALDUCCI was a composite mark, the figurative component was very distinctive with respect to the goods for which the mark was used. Consequently, the registration and use by Trussardi of a device that was confusingly similar to the device contained in Balducci’s mark infringed Balducci’s trademark rights. With this holding, the Court applied a principle that was well established in Italian case law and had been confirmed at the European Community level the European Court of Justice’s decision in the Thomson Life case if each element of a composite mark is considered distinctive, the reproduction of even one of the elements of that mark will equally constitute an infringement of the mark as a whole, irrespective of whether that element is the dominant one in the mark.

The Court of First Instance of Milan therefore admitted Balducci’s claim of invalidity of Trussardi’s Italian trademark registration with respect to Class 18 and 25 goods. In addition, it upheld Balducci’s claim for trademark infringement, issuing an injunctive order against the use of Trussardi’s mark for Class 18 and 25 goods and imposing a penalty for any future violations of such order.

The case is currently under appeal before the Court of Appeal of Milan.

The famous Italian fashion company Gianfranco Ferré S.p.A. (Ferré) owns various Italian, Community, and International trademark registrations for both word and figurative marks consisting of FERRÉ and GIANFRANCO FERRÉ (below, illustration at left), covering goods in Class 18 and 25, and has used these marks since the 1970s for its entire line of apparel, footwear, and accessories. In April 2004, Universal (Far East) Trading Company (Universal) filed an Italian application for the figurative mark FEIRE, covering Class 25 goods (below, illustration at right). Ferré filed an action before the Court of First


Instance of Torino seeking cancellation of the application and an injunction against Universal’s use of the mark.

Universal did not reply to Ferré’s action, and the Court of First Instance of Torino therefore judged the defendant in default. It held that the close similarity between the marks at issue, combined with the identity of the goods covered, confirmed the existence of a likelihood of confusion.666 In fact, the only difference between the two marks was in the third letter, “I” in Universal’s mark versus “R” in Ferré’s marks. The two ideograms contained in Universal’s mark lacked distinctive character and, thus, did not sufficiently distinguish it from Ferré’s marks. The Court also noted that Universal’s mark reproduced Ferré’s typeface, covered by many of its registrations and widely used in Ferré’s business and on or in connection with its goods and services.

The Court noted, moreover, that Ferré’s marks consist of personal names. In Italy, personal names are considered strong marks, as they generally do not bear any link or relation to the goods or services they distinguish, and should therefore be afforded wider protection against similar marks.

Finally, the Court acknowledged the fame of Ferré’s marks. It confirmed that they enjoyed greater protection against registrations and uses that took unfair advantage of or were detrimental to their distinctiveness or fame.

The Court of First Instance of Torino therefore admitted Ferré’s claim of invalidity of Universal’s Italian trademark application and issued an injunctive order against the use of Universal’s mark.

II.C.3. Geographical Indications/Appellations of Origin

Villa Frattina S.p.A. (Villa Frattina), a renowned northern Italian wine and grappa maker and distributor, filed an action before the Court of First Instance of Trieste against the Italian firm Azienda Agricola Frattina di Manlio e Diego Della Frattina (Azienda Agricola Frattina) for trademark invalidity, infringement, and unfair competition.

Villa Frattina’s wines and grappas have always been distinguished by the FRATTINA trademark, registered in Italy since 1978, both alone and in combination with other elements. The plaintiff argued that, given its extensive advertising expenses and sales of trademarked products, the FRATTINA mark should be considered famous in Italy.

In the 1990s, Azienda Agricola Frattina started using the term “Frattina” as a company name and signboard and the mark CONTI DELLA FRATTINA on its wine labels. In 1999, it filed an Italian trademark application for CONTI DELLA FRATTINA in combination with a device of the Conti della Frattina family coat of arms, to distinguish “wines, spirits and liqueurs” in Class 33, and registered the domain name frattinacontidellafrattina.it. The defendant asserted that the family of Conti della Frattina had always used such composite mark, and, in any case, well before the plaintiff’s registered rights in the FRATTINA trademark, dating back to 1978.

The complexity of this case stems from the fact that the term “Frattina” is derived from the noble family of the Counts of Frattina, whose name was then adopted as the name of the Counts’ local town. The defendant’s family descends from the Counts of Frattina and operates in the lands of the town of Frattina; similarly, while the plaintiff is currently owned by a Sicilian company, its business was purchased from other descendants of the Counts of Frattina, whose property is located in the town of Frattina.

After unsuccessful negotiations, Villa Frattina filed suit to request that the Court of First Instance of Trieste (1) declare the defendant’s trademark application null, (2) rule that Azienda Agricola Frattina’s use of the CONTI DELLA FRATTINA mark and frattinacontidellafrattina.it domain name infringed Villa Frattina’s rights on the FRATTINA mark and constituted acts of unfair competition to the latter’s detriment, (3) order an injunction against the defendant’s use of CONTI DELLA FRATTINA and a recall of all the goods bearing such mark on the market, (4) order the cancellation of the domain name frattinacontidellafrattina.it, (5) award damages to Villa Frattina, (6) order the publication of the Court’s decision, and (7) fix a penalty for any violation by Azienda Agricola Frattina of the Court’s orders. In turn, Azienda Agricola Frattina, in addition to requesting that the Court reject all of the plaintiff’s claims, sought a declaration that Villa Frattina’s registered trademarks were null and that their use infringed its de facto rights based on the longstanding use of the mark CONTI DELLA FRATTINA, thereby constituting acts of unfair competition to its detriment. The defendant further requested that the Court enjoin Villa Frattina from using the coat of arms of the family of the Counts of Frattina.
First the Court tackled the issue of whether Villa Frattina’s marks, consisting of the word FRATTINA, could be considered valid and enforceable given the geographic nature of the term. It confirmed the provision of the current Italian trademark law under which a trademark, even though merely geographically descriptive, is valid and enforceable if, through its use, the mark acquires distinctive character, that is, secondary meaning. The Court therefore held that the FRATTINA mark, used by the plaintiff consistently and extensively for almost 30 years, had acquired secondary meaning in the specific sector of wines and grappas, and therefore was to be considered valid and enforceable.

The Court then assessed Azienda Agricola Frattina’s claim of prior de facto rights in the mark CONTI DELLA FRATTINA based on its family’s use of the same. It found that although the mark had been used on wine labels since the 1970s, its use before 1978 (the date of the plaintiff’s earliest trademark filings) was only local and was not extensive enough to grant the defendant prior national de facto rights. The Court therefore held that Azienda Agricola Frattina could enjoy merely local rights in the mark and hence continue to use CONTI DELLA FRATTINA to the extent that it had been using the mark prior to 1978, that is, within the northeastern provinces of Udine and Pordenone and only with respect to wines. Consequently, the Court of First Instance of Trieste admitted the plaintiff’s claim of invalidity of the defendant’s Italian trademark application and enjoined any use of the applied-for mark outside the specific geographic location.

The rest of the plaintiff’s claims and requests were dismissed. The Court admitted the defendant’s request to enjoin the plaintiff from using the defendant’s family coat of arms, given that Villa Frattina had not shown any right or authorization to use that emblem.

### III.A.8. Slavish Imitation

Protection of unregistered shapes under Italian unfair competition laws has traditionally fallen under the statute governing confusion-based slavish imitation, Article 2598(1) of the Italian Civil Code. In other words, Italian scholars and case law

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667. Italian Industrial Property Code, art. 13.
669. Article 2598(1) provides: “Subject to the provisions concerning the protection of distinctive signs and patent rights, acts of unfair competition are performed by whoever: . . . uses names or distinctive signs that are likely to create confusion with the names or distinctive signs legitimately used by others, or closely imitates the products of a competitor, or performs, by any other means, acts that are likely to create confusion with the products and activities of a competitor.”
have been reluctant to grant protection to shapes on the basis of slavish imitation when no likelihood of confusion has existed.

However, a recent trend in the case law has opened the door to a wider protection of unregistered shapes against “look-alikes” by extending the application of Article 2598(2) of the Italian Civil Code, which provides protection against the misappropriation of the “merits” or “values” of a competitor’s products or business from imitation by a competitor of famous shapes, even in the absence of a likelihood of confusion.

One of the more recent decisions in this respect was handed down by the Court of First Instance of Milan in a case concerning the famous French company Hermès and the Italian company Sirena S.r.l. Sirena was selling a line of bags that slavishly reproduced every famous bag model of the HERMÈS line, among them the very well known “Kelly” and “Birkin” models (see below).

Sirena initially filed an action for declaratory judgment as to its non-infringement of Hermès’ rights. Hermès countered with an action for unfair competition. It argued that Sirena’s distribution and sale of its line of bags were wrongful under both the Italian

670. Article 2598(2) provides: “Subject to the provisions concerning the protection of distinctive signs and patent rights, acts of unfair competition are performed by whoever: . . . spreads news and comments, with respect to the products and activities of a competitor, which are likely to discredit them, or treats as his own the good qualities of the products or of the enterprise of a competitor.”
confusion-based slavish imitation provision and the unfair competition provision against taking a free ride on the reputation of a competitor’s products.

The Court dismissed Sirena’s action for declaratory judgment. In Hermès’ action, aside from finding that Sirena’s distribution and sale of these slavish imitations—despite the presence of Sirena’s own trademark XXI° SECOLO on the goods—created a likelihood of confusion, the Court held that the distribution and sale were made with the intent of creating an association with the famous HERMÈS bag shapes, in order to take unfair advantage of their fame. In particular, the Court stated that the slavish imitation of the well-known shape of a product, carried out with the clear intent to take unfair advantage of the positive market goodwill of the famous product so as to transfer to the less-expensive product the results of the reputation of the competitor’s product, amounts to unfair competition under Article 2598(2) of the Italian Civil Code.

The Court of First Instance of Milan therefore allowed both claims of unfair competition, based on confusion and based on taking a free ride on a competitor’s reputation.

Another recent decision that helped to expand the boundaries of unfair competition protection for shapes against look-alikes was rendered by the Court of First Instance of Milan in injunctive proceedings brought by the famous luxury goods group Richemont and its company Cartier against the Italian company Pryngeps Gallery S.p.A. (Pryngeps). This case stemmed from the widespread phenomenon of plastic watch look-alikes, which boomed in the 2006 spring-summer season. Pryngeps was distributing and selling imitations of famous watches under its own trademark JAMAICA TIME. These included Cartier’s very successful watch model “Santos 100,” launched by the house to celebrate the 100-year anniversary of the legendary “Santos” watch (see below). The peculiarity of this “plastic watches” boom is that, while the watches are reproduced slavishly in all their details, the material used is not the traditional steel or other metal, but plastic.

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In this case, Richemont and Cartier brought an action claiming infringement of Cartier’s registered Community design over the Santos 100 watch model and unfair competition. The unfair competition claim had two aspects: It alleged confusion-based slavish imitation, contrary to Article 2598(1) of the Italian Civil Code, and free riding on a competitor’s reputation, contrary to Article 2598(2) of the Italian Civil Code.

The Court of First Instance of Milan initially granted an *ex parte* injunction and seizure order on all causes of action, and then confirmed the order in subsequent *inter partes* proceedings. It found not only that Pryngeps’ distribution and sale of the Santos 100 look-alikes infringed Cartier’s registered Community design rights in its watch model, but also that the slavish reproduction of the renowned watch shape was unquestionably made with the intent of taking unfair advantage of the “positive recognition” of the Santos 100 watch in the market.672

In another recent case, the famous French house Chanel S.A.S. filed an action for trademark infringement and unfair competition before the Court of First Instance of Milan against, *inter alia*, the Italian company Com.In s.n.c. di Eliseo Gregorini & C. Chanel claimed that the defendant’s production and distribution of perfumes under the trademark CHANTAL and in packaging that slavishly imitated the famous CHANEL packagings, particularly the one used for more than 50 years for its renowned N° 5 fragrance, constituted an infringement of its registered trademark rights as well as an act of unfair competition to its

detriment. The parties’ packagings at issue in this case are shown below.

Chanel’s Packaging       Chantal’s Packaging

The Court held that no trademark infringement existed on account of the differences between the CHANTAL and CHANEL word marks, and the non-distinctive character of the packaging covered by Chanel’s trademark registrations. Nevertheless, Chantal’s use of packaging that reproduced Chanel’s packaging in every detail, having a white background with fine black lines on the edges and incorporating the same typeface for the CHANTAL mark, constituted an act of unfair competition under Article 2598(1) of the Italian Civil Code to the detriment of Chanel.673 In fact, the Court found that the defendant produced and distributed the packaging with the clear intention of taking advantage of the fame of Chanel and, in particular, its N° 5 perfume.

The Court of First Instance of Milan therefore awarded Chanel damages in the amount of €25,000 for the harm caused to its commercial image.

JAPAN

I.B.2. Merely Descriptive

The trademark application for WEBRINGS in English and Japanese Katakana, to cover, inter alia, computer programming and maintenance or lease of computer software in Class 42, was rejected by the Patent Office. The grounds for rejection were that (1) the mark lacked distinctiveness, under Section 3(1)(vi) of the

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Trademark Law,\(^{674}\) and (2) the mark was misleading as to the nature of the specified services, under Section 4(1)(xvi) of the Trademark Law,\(^{675}\) because the word “webrings” has been used by users and traders on the Internet to indicate a circular organization of people having the same tastes and interests.

The plaintiff brought an appeal before the IP High Court. The Court overturned the Patent Office’s decision. It held that “webrings” was not an ordinary word, a generic term, or a common word, and did not have a specific meaning.\(^{676}\)

**I.D.1. Similarity of Marks**

The plaintiff filed an application for the trademark X-PACT in English with respect to metal working machinery and the like in Class 7 and electron application machinery and the like in Class 9. The Patent Office rejected the application because of a likelihood of confusion between the applied-for mark and the registered trademark EXPACT, covering goods in Class 9.

On appeal, the IP High Court reversed the Patent Office’s decision. It held that there was no likelihood of confusion between the marks because (1) in Japanese, the mark X-PACT was disyllabic, while the mark EXPACT was monosyllabic; (2) the marks were not similar in terms of pronunciation and appearance; and (3) the consumers of the designated goods to be covered by the applied-for mark were only a few people who had expertise in the steel industry.\(^{677}\)

The plaintiff owned the trademark registration for AIMER FEEL, covering clothing. The defendant filed an invalidation trial based on its unregistered trademark AIMER (in Japanese Katakana). It asserted that its AIMER trademark became well known with respect to formal dresses, wedding dresses, party dresses, etc., before the application date for the plaintiff’s trademark, namely July 12, 2000.

When the Patent Office invalidated the registration, the plaintiff appealed to the IP High Court. As grounds for its appeal

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\(^{674}\) Law No. 127 of April 13, 1959, as amended. Section 3(1)(vi) provides: “Any person may obtain a trademark registration of a trademark to be used in respect of goods or services in connection with his business, except in the case of the following trademarks: . . . in addition to those mentioned in each of the preceding paragraphs, trademarks which do not enable consumers to recognize the goods or services as being connected with a certain person’s business.”

\(^{675}\) Section 4(1)(xvi) provides: “Notwithstanding Section 3, trademark registration shall not be effected in the case of the following trademarks: . . . trademarks liable to be misleading as to the quality of the goods or services. . . .”

\(^{676}\) Heisei 18 (Gyo-Ke) No. 10231 (IP High Court, October 17, 2006), published on Supreme Court Home Page.

\(^{677}\) Heisei 18 (Gyo-Ke) No. 10233 (IP High Court, November 20, 2006).
the plaintiff cited the existence of registered trademarks comprising AIMER plus other words.

The Court rejected the appeal. It held that although there were a number of trademark registrations comprising AIMER plus a letter (A, B, C, etc.), the similarity between an applied-for mark and a cited unregistered, well-known trademark should be judged based on the situation at the time the trademark application was filed. Therefore, it was not necessary to consider the existence of trademarks that were registered after the mark in question was applied for. The Court further held that although the plaintiff’s mark AIMER FEEL was a combination of French and English, it was pronounced as “aimer,” and the idea “aimer” arose from it; therefore, the mark was similar to the defendant’s trademark.\(^\text{678}\)

An application for the trademark PROMOS TECHNOLOGIES, to cover computers, electronic products, communication products, etc., in Class 42, was rejected by the Patent Office because of the similarity between the applied-for mark and the registered trademark PLAMOS, for goods in Classes 40 and 42. On appeal by the applicant, the IP High Court overturned the Patent Office’s decision, holding that the trademarks were not similar in terms of appearance, pronunciation, or idea.\(^\text{679}\)

The plaintiff filed an application for the trademark DIGITEX SAFIRE SHIMADZU ADVANCED FLAT IMAGING RECEPTOR in English with respect to medical devices, etc., in Class 10. The font of the element DIGITEX was much smaller than that of the element SAFIRE, and the font of the element SHIMADZU ADVANCED FLAT IMAGING RECEPTOR was smaller than that of DIGITEX. In addition, SAFIRE was arranged in the middle of the trademark.

The Patent Office rejected the application because of the similarity between the mark DIGITEX SAFIRE SHIMADZU ADVANCED FLAT IMAGING RECEPTOR and the registered trademark SAPPHIRE in English and Japanese Katakana, covering goods in Class 10. The plaintiff appealed the Patent Office’s decision before the IP High Court.

The Court affirmed the decision. It recognized that consumers who saw the plaintiff’s mark might focus on the element SAFIRE, and thus the marks at issue would appear similar in terms of pronunciation.\(^\text{680}\)

\(^{678}\) Heisei 18 (Gyo-Ke) No. 10151 (IP High Court, November 29, 2006), published on Supreme Court Home Page 006.

\(^{679}\) Heisei 18 (Gyo-Ke) No. 10334 (IP High Court, December 25, 2006).

\(^{680}\) Heisei 18 (Gyo-Ke) No. 10391 (IP High Court, February 13, 2007).
I.F. Famous and Well-Known Marks

The plaintiff is the owner of the registered trademark THE SHOESOURCE in English, with respect to footwear and clothing in Class 25. The defendant is the owner of the registered trademark MAGICAL SHOESOURCE in English, with respect to athletic shoes, heels, etc., in Class 25.

The plaintiff filed a petition to invalidate the defendant’s trademark, based on similarity of the marks, likelihood of confusion, and using a well-known mark with an unfair intention. The Patent Office rejected the plaintiff’s claim and held that the defendant’s trademark was valid.

On appeal, the IP High Court overturned the Patent Office’s decision. It ruled that (1) the distinctive part of both the defendant’s trademark and the plaintiff’s trademark was SHOESOURCE, and therefore the marks were similar in terms of pronunciation and appearance; (2) the plaintiff was well known as the largest retail shoe store in North America, and the plaintiff’s trademark was well known in Japan; and (3) the defendant should have known of the plaintiff’s trademark and its fame.681

II.D.4. Violating Public Order

The plaintiff, a Canadian entertainment company, was the registrant of the mark ANNE OF GREEN GABLES, for glasses, slot machines, TV game toys, etc., which mark is the exact title of the world-famous novel published by a Canadian novelist, Lucy Maud Montgomery. The defendant, the Province of Prince Edward Island, filed an invalidation action against the registration with the Patent Office, which invalidated the registration based on Section 4(1)(vii) of the Trademark Law.682

The plaintiff filed an appeal with the IP High Court, seeking to overturn the Patent Office decision. This was the first judgment of the IP High Court, which was established on April 1, 2005, issued with respect to the interpretation of Section 4(1)(vii).

In its decision, the Court laid out the reasons for its judgment in great detail. The Court held that paragraph (vii) was applicable not only in a case where a mark itself was unethical, discriminatory, obscene, or unpleasant, but also in a case where (a) use of the mark for the designated goods or services was liable to contravene public order or morality in society; (b) such use was liable to insult foreign countries or nationals of foreign countries or to violate international good faith; or (c) the registration of the mark was unacceptable in light of the purpose of the statute—

681. Heisei 18 (Gyo-Ke) No. 10497 (IP High Court, March 12, 2007).
682. Section 4(1)(vii) provides: “Notwithstanding Section 3, trademark registration shall not be effected in the case of the following trademarks: . . . trademarks liable to contravene public order or morality. . . .”
namely that good order be maintained if the process, attitude, or measures taken by the registrant are improper.

Taking into account the worldwide celebrity of the novel *Anne of Green Gables*, the strong relationship between Canada and Japan, and the status of the mark ANNE OF GREEN GABLES in Canada, where it is treated not as a trademark but as a specially accepted, public registered mark, and the fact that, moreover, the plaintiff had full knowledge that all rights for *Anne of Green Gables* belonged to the author’s heirs, the Court concluded that the plaintiff’s mark was liable to contravene public order or morality. Accordingly, it denied the plaintiff’s appeal.683

**JORDAN**

**I.D.1. Similarity of Marks**

The Registrar of Trademarks rejected the notice of opposition filed by the French company Aventis Pharma S.A. against the trademark application for TAXOFEN684 in Class 5 (below, illustration at left), published for opposition in the name of the Jordanian company Al-Razi Pharmaceutical Industries Co.

The opposition was based on the similarity between the applied-for mark and the trademark TAXOTERE685 in Class 5 (below, illustration at right), registered in 1994 in the name of Aventis Pharma S.A.

![TAXOFEN](image1.png) ![TAXOTERE](image2.png)

The Registrar held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.686

On appeal, the High Court of Justice affirmed the Registrar’s decision.687

This line of reasoning was applied by the Registrar in eight other rulings rejecting oppositions in the pharmaceutical field. Those decisions are discussed below.

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683. Heisei 17 (Gyo-Ke) No. 10349 (IP High Court, September 20, 2006), published on Supreme Court Home Page.
687. Case No. 568/2006, Decision No. 27 (High Court of Justice, February 21, 2007).
The British company Beecham Group PLC filed a notice of opposition against the application for registration of the trademark AMOXIBEL\(^{688}\) in Class 5 (below, illustration at left), published for opposition in the name of Arab Center for Pharmaceuticals and Chemicals, a Jordanian company.

The opposition was based on the similarity between the AMOXIBEL mark and the opponent’s prior-registered trademark AMOXIL\(^{689}\) in Class 5 (below, illustration at right).

Amoxibel

The Registrar of Trademarks rejected Beecham Group’s opposition. He held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.\(^{690}\)

The Registrar of Trademarks rejected the notice of opposition filed by the Danish company Leo Pharmaceutical Products Trading Ltd. A/S against the trademark application for CIDIN\(^{691}\) in Class 5 (below, illustration at left), published for opposition in the name of the Jordanian company International Pharmaceutical & Chemical Mfg. Co., Ltd.

The opposition was based on the similarity between the applied-for mark and the trademark FUCIDIN\(^{692}\) in Class 5 (below, illustration at right), registered in 1982 in the name of Leo Pharmaceutical Products Trading Ltd. A/S.


\(^{689}\) Registration No. 12400, published in Official Gazette Supplement No. 50, February 20, 1977, page 22 (for “Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides”).


\(^{691}\) Application No. 65129, published in Official Gazette Supplement No. 255, February 20, 2003, page 33 (for “Human medicine (prostate hyperplasia)”).

\(^{692}\) Registration No. 20198, published in Official Gazette Supplement No. 80, October 5, 1986, page 46 (for Pharmaceutical and medical preparations”).
The Registrar held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.693

The German company Merck KGaA filed a notice of opposition against the application for registration of the trademark NEUROGIN694 in Class 5 (below, illustration at left), published for opposition in the name of Jordanian Pharmaceutical Manufacturing & Medical Equipment Co., Ltd., a Jordanian company.

The opposition was based on the similarity between the NEUROGIN mark and the opponent’s prior-registered trademark NEUROBION695 in Class 5 (below, illustration at right).

The Registrar of Trademarks rejected Merck’s opposition. He held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.696

The Registrar of Trademarks rejected the notice of opposition filed by the French company Sanofi-Synthelabo against the trademark application for CLARIX, together with its Arabic equivalent,697 in Class 5 (below, illustration at left), published for opposition in the name of the Jordanian company International Pharmaceutical & Chemical Mfg. Co., Ltd.

The opposition was based on the similarity between the applied-for mark and the trademark PLAVIX698 in Class 5 (below,

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illustration at right), registered in 1997 in the name of Sanofi-Synthelabo.

The Registrar held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.699

On appeal, the High Court of Justice affirmed the Registrar’s decision.700

The Danish company Leo Pharmaceutical Products Trading Ltd. A/S (Lovens Kemiske Fabriks Handelsaktieselskab AB) filed a notice of opposition against the application for registration of the trademark OSTEO-ALPHA701 in Class 5 (below, illustration at left), published for opposition in the name of United Pharmaceutical Mfg. Co., Ltd., a Jordanian company.

The opposition was based on the similarity between the OSTEO-ALFA mark and the opponent’s prior-registered trademark ONE-ALPHA LEO702 in Class 5 (below, illustration at right).

The Registrar of Trademarks rejected Leo Pharmaceuticals’ opposition. He held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.703

The Registrar of Trademarks rejected the notice of opposition filed by the Swiss company Novartis AG against the trademark


700. Case No. 327/2006, Decision No. 3 (High Court of Justice, November 6, 2006).


application for LIPONET\textsuperscript{704} in Class 5 (below, illustration at left), published for opposition in the name of the Jordanian company Delass Natural Products Company.

The opposition was based on the similarity between the applied-for mark and the trademark LEPONEX\textsuperscript{705} in Class 5 (below, illustration at right), registered in 1987 in the name of Novartis AG.

\textbf{LIPONET} \hspace{1cm} \textbf{LEPONEX}

The Registrar held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.\textsuperscript{706}

The Swiss company Novartis AG filed a notice of opposition against the application for registration of the trademark LANACIN\textsuperscript{707} in Class 5 (below, illustration at left), published for opposition in the name of International Pharmaceutical & Chemical Mfg. Co., Ltd., a Jordanian company.

The opposition was based on the similarity between the mark LANACIN and the opponent’s prior-registered trademark LATYCIN\textsuperscript{708} in Class 5 (below, illustration at right).

\textbf{Lanacin} \hspace{1cm} \textbf{Latycin}

The Registrar of Trademarks rejected Novartis’s opposition. He held that the similarity of the marks would not result in public confusion, as the marks were registered for human

\begin{itemize}
\item 708. Registration No. 8637, published in Official Gazette Supplement No. 27, November 1, 1967, page 88 (for “Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides”).
\end{itemize}
pharmaceuticals and the products were handled by professional people.709

The Registrar of Trademarks rejected the notice of opposition filed by the French company Sanofi-Aventis against the trademark application for MICOVER710 in Class 5 (below, illustration at left), published for opposition in the name of the Jordanian company Jordan River Pharmaceutical Industries. The opposition was based on the similarity between the applied-for mark and the trademark ISCOVER711 in Class 5 (below, illustration at right), registered in 1997 in the name of Sanofi-Aventis.

The Registrar held that the similarity of the marks would not result in public confusion, as the marks were registered for human pharmaceuticals and the products were handled by professional people.712

On appeal, the High Court of Justice affirmed the Registrar’s decision.713

Gulf International Lubricants Ltd., a Bermudan firm, filed a notice of opposition against the application for registration of the trademark AXCL GULF OIL714 in Class 4 (below, illustration at left), published for opposition in the name of Ashraf Ibrahim Mustafa & Mohamad Mahmoud Sabiha Co./Sabiha for International Trade Est., a Jordanian company. The opposition was based on the similarity between the AXCL GULF OIL mark and the opponent’s prior-registered trademarks GULF715 in Class 4 (below, illustrations at center and right).


The Registrar of Trademarks accepted Gulf International’s opposition. He determined that the registration of the trademark AXCL GULF OIL in the name of an unauthorized party would lead to public confusion and constitute an act of unfair competition.\textsuperscript{716} The Registrar noted in his decision that the opposed mark contained the main part of the opponent’s name.

The Registrar of Trademarks accepted the notice of opposition filed by the Korean firm Maeil Dairy Industry Co., Ltd. against the trademark application for MAILLE\textsuperscript{717} in Class 30 (below, illustration at left), published for opposition in the name of a French citizen, Amora Maille.

The opposition was based on the similarity between the applied-for mark and the trademark MAEIL,\textsuperscript{718} also in Class 30 (below, illustration at right), registered in 1996 in the name of Maeil Dairy Industry Co., Ltd.

The Registrar determined that the trademarks were confusingly similar and the registration of the MAILLE mark in the name of the applicant would lead to public confusion.\textsuperscript{719} Additionally, the Registrar acknowledged that MAEIL was a famous mark.

The U.S. firm Potomac Tobacco Company filed a notice of opposition against the application for registration of the trademark (both for “Petroleum and its products, fuel, oils, gasoline, kerosene, naphtha, lubricating greases, motor oils, motor oils, technical and industrial oils and liquefied petroleum gases”).


\textsuperscript{717} Application No. 54357, published in Official Gazette Supplement No. 222, June 4, 2000, page 393.

\textsuperscript{718} Registration No. 39678, published in Official Gazette Supplement No. 173, March 30, 1996, page 138 (for “Food for family’s health, composed of milk ingredient, grains beans, fruits, etc. for acute form of diarrhoea, special nourishing meal (composed of grains, minerals, etc.) for milk allergy, preparations and flour made from cereals, grains”).

MATCH\textsuperscript{720} in Class 34 (below, illustration at left), published for opposition in the name of Khalil Agel Trading Est., a Jordanian company.

The opposition was based on the similarity between the MATCH mark and the opponent’s prior-registered trademark SUPERMATCH\textsuperscript{721} in Class 34 (below, illustration at right).

The Registrar of Trademarks accepted Potomac Tobacco’s opposition. He determined that the registration of the trademark MATCH in the name of an unauthorized party would lead to public confusion and unfair competition.\textsuperscript{722} The Registrar added that SUPERMATCH could be considered a famous mark and that the applicant did not submit any document that supported its ownership of the opposed mark.

The Registrar of Trademarks rejected the notices of opposition filed by the Jordanian firm Subhi Jabri and Partners Co. against the trademark applications for DANISH WAY ICEBERG\textsuperscript{723} in Classes 17, 30, and 35 (below, illustration at top), published for opposition in the name of the Lebanese company Lebanon Juice Company Limited.

The opposition was based on the similarity between the applied-for mark and the opponent’s trademark registrations for EISBERG, EISBERG (MAXY), EISBERG (MOON), and other marks\textsuperscript{724} in Class 30 (below, illustration at bottom).


\textsuperscript{721} The trademark SUPERMATCH is not registered in Jordan, but an application for registration of that mark (for “tobacco; cigarettes; smokers’ articles; matches”) was filed on September 4, 2001. The Registrar’s acceptance thereof is still pending.


\textsuperscript{724} Registration No. 42974, published in Official Gazette Supplement No. 189, July 15, 1997, page 120 (for “plain biscuits, candies, toffee, noga [nougat], cream, ice cream, wafer different flavor”); Registration No. 43860, published in Official Gazette Supplement No. 189, July 15, 1997, page 120 (for “manufacturing of plain biscuits, candies, toffee, chewing gum, noga, cream, ice cream, wafer sweet different flavor”); Registration No. 43862, published in
The Registrar held that the similarity of the marks would not lead to public confusion, especially because the applied-for mark as a whole was distinctive.\textsuperscript{725}

On appeal, the High Court of Justice affirmed the Registrar’s decisions.\textsuperscript{726}

\textbf{I.D.2. Similarity of Goods or Services}

Hugo Boss AG, a German company, filed a notice of opposition against the trademark application for BOSS\textsuperscript{727} for tobacco, smokers’ articles, and matches in Class 34 (below, illustration at top), published for opposition in the name of Reemtsma Cigarettenfabriken GmbH, a German company.

\begin{center}
\textbf{BOSS}
\end{center}

No. 55290

\begin{center}
\begin{tabular}{cccc}
No. 26756 & No. 26758 & No. 26851 & No. 32461
\end{tabular}
\end{center}

The opposition was based on the similarity between the mark BOSS and the opponent’s prior-registered trademarks BOSS\textsuperscript{728} in Classes 18 and 25 HUGO BOSS\textsuperscript{729} in Class 25, and BOSS HUGO BOSS\textsuperscript{730} in Class 25 (above, illustrations at bottom).

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\textsuperscript{728} Registration No. 26756, published in Official Gazette Supplement No. 113, October 15, 1989, page 179 (for leather goods, cases and bags umbrellas and parasols, belts made of leather); Registration No. 26758, published in Official Gazette Supplement No. 113, October 15, 1989, page 149 (for leather goods, cases and bags umbrellas and parasols, belts made of leather).

\textsuperscript{729} Registration No. 26851, published in Official Gazette Supplement No. 113, October 15, 1989, page 181 (for articles of clothing for men, women and children, socks &
The Registrar of Trademarks rejected Hugo Boss's opposition. While acknowledging that BOSS and HUGO BOSS were classified as famous marks, he nevertheless held that the registration of the opposed mark in Class 34 would not cause confusion among the public as the public would not associate the applied-for product with the opponent’s products.\(^7\)

**I.F. Famous and Well-Known Marks**

The Registrar of Trademarks accepted the notice of opposition filed by the British company Virgin Enterprises Limited against the trademark application for VIRGIN,\(^7\) for beauty products and shampoos in Class 3 (below, illustration at top), published for opposition in the name of Nowrez & Ismail Shukori Co., a Jordanian company.

The opposition was based on the similarity between the applied-for mark and the opponent’s famous trademark VIRGIN,\(^7\) registered in Classes 9 and 32 in Jordan and in numerous other classes in other jurisdictions (below, illustrations at bottom).

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stockings, headgear, belts, scarves & shawls, accessories, namely head scarves, pocket kerchiefs, ties, gloves, shoes).


The Registrar held that as VIRGIN was proven to be a famous mark, being widely used and registered, the registration of the same word in the name of an unauthorized party would lead to public confusion and unfair competition.\footnote{Virgin Enterprises Limited v. Nowrez & Ismail Shukori Co., Decision No. TM/68503/6 (Registrar, January 6, 2007) (unpublished) (not appealed).}

\textbf{III.F.1. Non-Use}

A cancellation action based on non-use was filed by the French citizen Amora Maille, who was also the applicant for registration of the trademark application for MAILLE\footnote{Application No. 54357, published in Official Gazette Supplement No. 222, June 4, 2000, page 393.} in Class 30 (below, illustration at left), against the trademark MAEIL,\footnote{Registration No. 39678, published in Official Gazette Supplement No. 173, March 30, 1996, page 138 (for “Food for family’s health, composed of milk ingredient, grains beans, fruits, etc. for acute form of diarrhoea, special nourishing meal (composed of grains, minerals, etc.) for milk allergy, preparations and flour made from cereals, grains”).} registered in the same class in the name of the Korean firm Maeil Dairy Industry Co., Ltd. (below, illustration at right). Maeil Dairy had previously filed a notice of opposition against Amora Maille’s application.

\begin{center}
\textbf{MAILLE} \hspace{2cm} \textbf{Maeil}
\end{center}

The Registrar rejected the action, finding the evidence submitted in support of the plaintiff’s claim unconvincing. He found that the defendant offered persuasive evidence that its trademark had been used in Jordan since 1993.\footnote{Amora Maille v. Maeil Dairy Industry Co., Ltd., Decision No. TM/39787/19788 (Registrar, July 17, 2006) (unpublished) (not appealed). \textit{See also} I.D.1. Similarity of Marks.}

\textbf{KENYA}

\textbf{III.E.4. Seizure}

The government of Kenya, mindful of its obligations under the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), created \textit{ad hoc} in 2001 an Anti-Counterfeiting and Substandard Products Secretariat. The Secretariat itself had no basis in statute law. Among the governmental bodies and agencies whose representatives participated in the Secretariat’s activities were the Kenya Revenue...
Authority\textsuperscript{738} (KRA), which was the home of the Secretariat; the Director of Weights and Measures;\textsuperscript{739} the Kenya Industrial Property Institute (KIPI);\textsuperscript{740} the Kenya Bureau of Standards;\textsuperscript{741} and the Kenya Police.\textsuperscript{742}

A device employed by the Secretariat in its anti-counterfeiting activities can be summarized as follows. A team comprising representatives of some or all of the above organizations, sometimes accompanied by trademark owners’ representatives, would be sent to a place suspected of housing counterfeit goods. An Inspector of Weights and Measures, who \textit{ex officio} was also an inspector under the Trade Descriptions Act,\textsuperscript{743} had powers of entry and inspection for the purpose of ascertaining whether \textit{any} offence under that Act had been committed. If he had reasonable cause to believe that such an offence had been committed, he was empowered to seize and detain any goods for the purpose of ascertaining whether that specific offence had been committed. It is believed that goods constituting an infringement of a registered trademark would also violate the Trade Descriptions Act. The Managing Director of KIPI was, \textit{ex officio}, the Registrar of Trademarks, and his representative could advise on questions of trademark infringement. Thus, the Secretariat thought such “raids” were legally justified and would result in the seizure of counterfeit goods and criminal proceedings against the persons implicated.

Between 1996 and 2004, the Secretariat carried out several raids against the premises of Doshi Iron Mongers Limited and quantities of goods were seized. The goods, of different descriptions and bearing different brands, were suspected of being counterfeit, and therefore the subject of false trade descriptions. No criminal convictions were obtained following the raids, but the seizures were maintained in force by the Secretariat team members concerned.

In September 2004, Doshi Iron Mongers Limited and its director Ashok Doshi (together, “Doshi”) instituted proceedings in the High Court of Kenya,\textsuperscript{744} under the Constitution of Kenya and the inherent powers of the Court, against the Weights and Measures Department, the Kenya Industrial Property Institute, the Kenya Bureau of Standards, the KRA, and the Attorney

\textsuperscript{738}. Kenya Revenue Authority Act (Cap. 469 Laws of Kenya); Customs and Excise Act (Cap. 472 Laws of Kenya); East African Community Customs Management Act 2004.
\textsuperscript{739}. Weights and Measures Act (Cap. 513 Laws of Kenya).
\textsuperscript{740}. Industrial Property Act, Act No. 3 of 2001; Trade Marks Act (Cap. 506 Laws of Kenya).
\textsuperscript{741}. Standards Act (Cap. 496 Laws of Kenya).
\textsuperscript{742}. Police Act (Cap. 84 Laws of Kenya).
\textsuperscript{743}. Trade Descriptions Act (Cap. 505 Laws of Kenya).
\textsuperscript{744}. Miscellaneous Civil Application No. 1206 of 2004.
General. Doshi claimed a total of 26 declarations, injunctions, and orders, including (1) a declaration that the raids were unconstitutional and were null and void; (2) a declaration that the respondents had no intellectual property rights in the seized goods; (3) permanent injunctions restraining interference with Doshi’s conduct of business and contravention of Doshi’s constitutional rights; (4) special, general, and exemplary damages; and (5) costs.

After reviewing the facts, the statutes cited above, and other laws, the High Court concluded that the actions taken by the Secretariat’s teams against Doshi were outside the totality of the powers of the participants. The Court granted, inter alia, the declarations set forth above (see items (1) and (2)); however, it refused to grant the injunctions (see item (3)). General damages totaling Kenya Shillings 3,500,000 (approximately US $520,000) were awarded against the KRA, but special damages (which had not been quantified by Doshi) and exemplary damages were refused. The Court ordered the costs (professional charges and expenses) to be paid by the KRA.

The KRA announced its intention to appeal against the decision of the High Court and applied for a stay of execution of the orders for damages and costs.

It appears that the trial judge, despite his detailed examination of laws and facts, did not view the actions of the teams vis-à-vis Doshi in the same light as the Secretariat. Accordingly, the decision, if upheld, would be a blow to the Kenya government’s efforts to uphold trademark and other intellectual property rights. The KRA appears to be optimistic for its chances on appeal, however, as the work of the Secretariat continues.

Moreover, the power of those government agencies and others concerned with such rights should be strengthened if and when the Counterfeit Goods Bill 2005 becomes law. The Bill provides for more direct and effective action by a specialized Counterfeit Goods Agency; therefore, it would make the Doshi decision inconsequential even if that decision were to be upheld. However, the Bill’s progress has been delayed by prolonged recesses of Parliament and by the general elections that took place in December 2007.

LATVIA

I.D.1. Similarity of Marks

Latvijas Hipotēku Un Zemes Banka, Valsts A/S, a Latvian joint stock company, filed an opposition against the trademark

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HIPOCENTRS,\textsuperscript{746} registered by the Latvian joint stock company Nord/LB Latvija, A/S for goods in Class 36. The opposition was based on the similarity of the opposed trademark to the opponent’s earlier-registered trademarks HIPO and HIPONET and the possibility that consumers might be confused and regard the marks as related because of the nature and similarity of the corresponding services, in accordance with Article 7(1)\textsuperscript{2}) of the Law on Trademarks.\textsuperscript{747}

The Board of Appeals of the Latvian Patent Office upheld the opposition and held that the trademark was invalid in the territory of Latvia.\textsuperscript{748}

\textbf{I.F. Famous and Well-Known Marks}

Nike International, a U.S. company, filed an opposition against a figurative trademark\textsuperscript{749} registered by the Chinese company Guirenniao (Fujian) Shoes & Plastics Co., Ltd. in respect of goods in Class 25 (below, illustration at left). The opposition was based on Nike International’s family of trademarks NIKE (below, illustration at right).

The grounds for the opposition were an earlier registration, similarity of marks, similarity of goods, and the claim that the opponent’s mark was well known.

The peculiarity of the practice of the Latvian Patent Office in respect of marks that claim to be well known is that the status of a well-known trademark must be proven separately at each proceeding. Previous decisions in which the same mark was earlier recognized as well known in Latvia are not taken into account. Accordingly, in this case, the decision of 1998, in which the word mark NIKE (in respect of Class 3 goods) was recognized as well known in Latvia based on Articles 2(1)\textsuperscript{9} and 2(1)\textsuperscript{10} of the 1993

\begin{itemize}
\item \textsuperscript{746} Registration No. M 53 613, granted July 24, 2003.
\item \textsuperscript{747} Law on Trademarks and Indications of Geographical Origin, July 15, 1999. Article 7(1)\textsuperscript{2}) provides: “A trademark registration may be declared invalid pursuant to the provisions of this Law in the following cases: . . . if, because of its identity or similarity to an earlier trademark belonging to another person and because of the identity or similarity of the respective goods or services, there exists a likelihood of confusion of the trademarks or a likelihood of association between the trademarks on behalf of the relevant consumers.”
\item \textsuperscript{748} Board of Appeals, Latvian Patent Office, January 27, 2006.
\item \textsuperscript{749} IR No. 831 781, granted June 18, 2004.
\end{itemize}
Law on Trademarks\textsuperscript{750} could not be used as an argument in this case.

The opposition was considered and upheld by the Board of Appeals of the Latvian Patent Office.\textsuperscript{751} Accordingly, the opposed trademark was cancelled and Nike International’s figurative trademark was recognized as a well-known mark in Latvia.

\textbf{III.A. Infringement}

In November 2006, the Board of Appeals of the Latvian Patent Office considered the opposition filed by the Austrian company Novomatic AG against the figurative trademark MONEY ACTION (see below), registered in the name of the Bulgarian company Euro Games Technology OOD.\textsuperscript{752}

The opponent argued that the opposed mark contained Novomatic’s unregistered trademark LICENSE TO PRINT MONEY (commercial designation), which was fairly used in the course of trade in Latvia before the filing date of Euro Games Technology’s trademark. Novomatic cited Articles 9(3)3 and 9(3)4 of the Law on Trademarks as a basis for its opposition.

![Image of various monetary symbols]

Article 9(3)3 provides that “[a] trademark registration may also be declared invalid on the basis that another person has, prior

\textsuperscript{750} Law on Trademarks, March 9, 1993. Articles 2(1)9 and 2(1)10 provide: “The following marks shall not be registered as trademarks: . . . marks that reproduce names of firms, as well as names or signs of products well known in the Republic of Latvia and belonging to other persons; [and] marks that reproduce trademarks belonging to other persons and well known in the Republic of Latvia, even if the trademarks are not registered in the Republic of Latvia, or marks that are so similar to the trademarks, above, that there exists a likelihood of confusion thereof. . . .”

\textsuperscript{751} Board of Appeals, Latvian Patent Office, December 8, 2006.

\textsuperscript{752} IR No. 841 126, granted June 7, 2004.
to the trademark application date (also taking into account its priority date), acquired in Latvia other rights which allow the prohibition of the use of the trademark.” In addition, a registration may be declared invalid on the basis of “commercial rights, that is, rights pertaining to a trade name (commercial designation, name of a mass medium, or other similar sign) that is used in an identical or similar business sector, if its fair and lawful use in the course of trade in Latvia was commenced before the date of application for registration of the trademark or its priority date, respectively. . . .”

According to Article 9(3)4), a registration may be contested on the basis of the rights pertaining to an unregistered trademark or other sign that is used to distinguish goods or services if the fair and lawful use of the unregistered mark in the course of trade in Latvia was commenced before the date of application for registration of the registered mark (or its priority date) in respect of similar or identical goods or services, as long as and to such an extent that the use of the registered trademark could confuse consumers as to the origin of the respective goods or services.

The Board of Appeals held that the opponent’s reference to the provisions of Article 9(3)4) was sufficient, because the trademark was registered for gambling games and equipment (gambling machines and software). Novomatic's unregistered trademark LICENSE TO PRINT MONEY was used to distinguish goods (to denote concrete gambling games). As shown by the opposition materials, the mark was fairly and lawfully used in the course of trade by Novomatic's Latvian partner, the company Alfor, SIA, before the priority date of Euro Games Technology's trademark MONEY ACTION. Moreover, gambling machines are not commodity goods; they are usually placed in a concrete location where a number of people can play the game. Thus, eight gambling machines, installed on December 17, 2003, was hardly an insufficient number, and the consumers in this case were limited to people who either played the games themselves or provided gambling services for others. Despite the fact that the mark LICENSE TO PRINT MONEY represented just one of 15 squares of the trademark MONEY ACTION, it was distinguished from the rest of the elements in that it represented an inscription, not a portrait, and, as compared with the other elements, included readable word elements, thus attracting the viewer's attention.

On the basis of these findings, the Board of Appeals held that the use of the opposed trademark MONEY ACTION could confuse consumers with respect to the origin of the goods—that is, they might perceive the mark LICENSE TO PRINT MONEY in the contested trademark as the name of the game or as a game within the game.
Accordingly, the Board of Appeals held that the opposition brought by Novomatic AG against the registered trademark MONEY ACTION was upheld in part. Specifically, the territorial extension of the trademark to Latvia was held to be invalid with respect to a number of goods in Classes 9 and 28.

LEBANON

I.D. Likelihood of Confusion

Wendy’s International Inc., owner of the trademark WENDY’S, for goods in Class 29, brought suit against a local company, Champs Form LLC, for registering an identical trademark in Class 42 for restaurant services.

The Court of First Instance ruled in favor of Wendy’s International. Its decision was based on the following findings:

• Wendy’s International registered its WENDY’S trademark in Lebanon in 1978, while the application for registration of the contested trademark was filed in 2001. Accordingly, Champs Form’s application constituted a violation of Articles 97, 98, 105, and 107 of the Trademarks Law.

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754. Registration No. 88000, filed July 27, 2001. At the time the registration was filed, the 7th Edition of the Nice International Classification was in effect, and restaurant services were included in Class 42.

Article 97 of the Trademarks Law provides:

The following shall be considered unfair competition:

1. Any violation of this Resolution in which one of the necessary requirements for the application of the sanctions provided for in Chapter 6 below is missing.
2. Any action which the courts may consider and reach the conclusion that it is unfair competition.

Article 98 of the Trademarks Law (as amended by Article 11 of Resolution No. 84, issued December 30, 1926) provides:

Acts of unfair competition may be subject only to legal proceedings for cessation of competition or prejudice and for seeking indemnity, except where such acts are considered violations subject to penalties under criminal codes or under the provisions of this Resolution.

Article 105 of the Trademarks Law (as amended by Article 12 of Resolution No. 84 and Article 13 of the Law of January 31, 1946) provides:

Any person who determines in whatever manner or way that an unregistered mark is registered; [a]ny person who deliberately imitates or uses a registered mark without the authorization of the owner of the mark, even if the mark is accompanied by expressions such as “kind,” “type,” “style,” “imitation” or the like, in a way as to mislead the public; [a]ny person who affixes to his goods or products a mark belonging to another person; [a]ny person who deliberately sells or offers for sale a product
The registration of the defendant’s mark caused damage to the interests of the plaintiff and took unfair advantage of the distinctive character of the plaintiff’s mark. Although the marks at issue covered products in different classes, the use of the contested mark on goods related to the foods sector indicated a connection with the plaintiff, which was likely to lead to public confusion. Even more important, the circumstances surrounding the defendant’s marketing of its mark were such that they would likely give rise to an association with the WENDY’S trademark registered in the name of Wendy’s International Inc.

In light of the foregoing, the Court ordered the defendant to:

1. Record the cancellation of its WENDY’S trademark in the records of the Registrar;
2. Remove all signs, items, and materials bearing the offending trademark;
3. Publish the Court’s decision in two local newspapers at the defendant’s expense; and
4. Bear all Court expenses.

I.D.1. Similarity of Marks

The Court of First Instance ruled in favor of Eveready Battery Company, Inc., owner of the trademarks XTREME III, SCHICK XTREME, and SCHICK XTREME III for goods in Class 8, in its suit against a local manufacturer, Nazih Trading Company, LLC, for registering the trademarks X-TREME and X-TREME PLATINIUM for goods in Classes 3 and 8.

Based on the provisions of Articles 105, 106, and 107 of the Trademarks Law, the Court of First Instance deemed the bearing a counterfeited mark or a fraudulent imitation of the original mark; [and] any person who delivers a product other than the one requested under a specific mark, [s]hall be liable to a fine varying from LBP 50 to LBP 500 and to imprisonment for a term varying from three months to three years or to one of the foregoing sanctions.

Article 107 of the Trademarks Law provides:

Courts shall evaluate fraudulent imitation and counterfeit from the point of view of the ordinary consumer taking into account the overall similarity regardless of minor differences between the original mark and the disputed mark.

762. Article 106 of the Trademarks Law (as amended by Article 13 of the Law of January 31, 1946) provides:
registration of the defendant’s marks to constitute an infringement of other third-party rights, which would certainly lead to unfair competition and public confusion. Accordingly, the Court ordered the defendant to:

1. Cease any further use of its trademarks X-TREME and X-TREME PLATINIUM;
2. Remove all signs bearing these trademarks;
3. Destroy all items and materials referring to the offending trademarks;
4. Record the cancellation of the trademarks X-TREME and X-TREME PLATINIUM in the records of the Registrar;
5. Publish the Court’s decision in two local newspapers at the defendant’s expense; and
6. Bear all Court expenses.

MALAYSIA

III.A.2. Passing Off

Kenwood Corporation (Kenwood), a Japanese corporation, and its wholly owned subsidiary in Malaysia, Kenwood Electronics (M) Sdn. Bhd. (Kenwood Electronics), failed to restrain the defendants, local Malaysian companies, from importing and selling genuine KENWOOD audio-video equipment. The High Court of Malaya dismissed the plaintiffs’ claims based on both trade mark infringement and passing off on the ground that the defendants’ equipment was not counterfeit but instead consisted of genuine KENWOOD products imported into Malaysia via a different source.

The first plaintiff, Kenwood Electronics, is the exclusive distributor in Malaysia for its parent company, Kenwood, of car and home audio-video equipment bearing the trade mark KENWOOD. The second plaintiff, Kenwood, is the registered
proprietary of that mark in Malaysia for goods in Class 9. Through extensive use of the KENWOOD trade mark, the plaintiffs have acquired a substantial goodwill and reputation in connection with the mark and are the common-law proprietors. KENWOOD audio-video equipment is sold to the public at fixed retail prices by authorized dealers; the plaintiffs claimed that the public expected the price paid to cover the equipment itself, the original warranty by the plaintiffs, qualified point-of-sale service, and qualified after-sale service.

The plaintiffs argued as follows:

1. The defendants falsely represented to the public that they were authorized dealers of audio-video equipment bearing the trade mark KENWOOD and passed off their products as if they were the same KENWOOD products with the same benefits as sold by the plaintiffs in Malaysia.

2. The defendants deceived or confused, and/or calculated or were likely to deceive or confuse, the public by selling audio-video equipment bearing the trade mark KENWOOD at prices below the retail prices; issuing the defendants’ own warranty cards; selling audio-video equipment bearing the trade mark KENWOOD, which was not subject to quality testing and inspection by Kenwood Electronics; and selling audio-video equipment on which the serial number was removed or covered by the defendants’ own serial number.

3. By selling audio-video equipment bearing the trade mark KENWOOD without authorization from the second plaintiff, the defendants infringed Kenwood’s registered trade mark rights.

4. By importing into Malaysia audio-video equipment bearing the trade mark KENWOOD that was manufactured or assembled in some other country by smuggling the same without paying customs duty in Malaysia and underdeclaring the value of the equipment, the defendants acted contrary to law and negatively affected Kenwood Electronics’ goodwill.

5. As a result of the defendants’ conduct, the plaintiffs’ goodwill was affected and the plaintiffs suffered losses and damages. The defendants also induced a breach of contract between the plaintiffs with the intent of injuring the plaintiffs by unlawfully procuring and selling audio-video equipment bearing the KENWOOD trade mark that was not intended for sale in Malaysia, even though the

defendants knew that Kenwood Electronics was the exclusive distributor for Kenwood in Malaysia.

The High Court held that the audio-video equipment bearing the trade mark KENWOOD that was sold by the defendants was not counterfeit, and therefore there was no passing off. By placing their own serial numbers and providing their own after-sale service, the defendants did not pass off the equipment they sold as the KENWOOD audio-video equipment sold by the Kenwood Electronics. The Court took the view that it was Kenwood Electronics, which had an exclusive distributorship agreement with Kenwood, that had suffered an actual grievance in this matter, whereas Kenwood had actually benefited from the initial sale of the equipment to the defendants. It further held that as the audio-video equipment bearing the trade mark KENWOOD was in fact genuine KENWOOD products, the claim of trade mark infringement was without basis. With regard to the erasure of original serial numbers, the Court was of the view that this only made it easier for the plaintiffs to identify the audio-video equipment that was not sold by them, which further lessened the possibility of consumer confusion.

III.A.5.a. Cybersquatting

William R. Hague Inc., dba Hague Quality Water International (the “Complainant”), filed a complaint with the Regional Centre for Arbitration in Kuala Lumpur against Water N Boss Marketing Sdn. Bhd. (the “Respondent”), under the Malaysian Network Information Centre’s (MYNIC’s) Domain Name Dispute Resolution Policy (MYDRP), for registering the disputed domain name www.waterboss.com.my with MYNIC.766

The Complainant operates a water filtration system business in the United States and elsewhere and distributes its products through an agent in Malaysia. It is the owner of the WATERBOSS trade mark and has registered the same in the United States and the European Community. In 2003, the Complainant filed a trade mark application in Malaysia for WATERBOSS in Class 11. Products bearing the WATERBOSS trade mark had been launched in Malaysia the previous year, although the sales revenue generated appeared to be minimal. The Complainant owns the domain name www.waterboss.com and publicizes the trade mark WATERBOSS on that website.

The Respondent is the authorized distributor of a water cooler product named SMART FILTER and FILTER FIRST. It uses the trade mark WATERBOSS in its trading name and domain name. The Respondent produced advertising material that featured the name WATERBOSS as presenting products bearing the trade mark.

marks FILTER FIRST and BLUE STEEL. It applied for the trade mark WATER BOSS in 2005.

The Complainant contended as follows:

1. The disputed domain name was identical to the Complainant’s WATERBOSS trade mark.
2. The Respondent had registered the disputed domain name in bad faith, because the Respondent was only established in 2004 and, although its trading name and domain name consisted of the name WATERBOSS, it did not deal with any products bearing the trade mark WATERBOSS.
3. The Respondent must have had knowledge of the Complainant’s reputation in water filtration systems and the Complainant’s registered trade mark WATERBOSS in the United States. Therefore, by registering and using the disputed domain name, the Respondent had acted in bad faith and misled, attracted, and/or diverted Internet users to its website for commercial gain.
4. By registering the disputed domain name, the Respondent had prevented the Complainant from using its domain name, which was similar to its registered trade mark in Malaysia, and the use of the disputed domain name would lead the public to the mistaken belief that the website was operated or authorized by the Complainant or was connected with the Complainant and/or its trade mark.
5. The Respondent had offered to sell the disputed domain name, which demonstrated bad faith on the part of the Respondent.

In its defence, the Respondent denied the Complainant’s contentions and argued that:

1. In order to have a valid complaint, the Complainant had to have rights in a trade mark that was registered in Malaysia and that predated the date when the domain name at issue was registered.
2. The basis of the complaint, that the Respondent’s registration and use of the disputed domain name were an infringement of the Complainant’s trade mark rights and/or an attempt to pass off its goods and services as those of the Complainant’s, was not within the scope of this forum.
3. The use of the disputed domain name was in connection with a bona fide offering of goods and services, and the Respondent was commonly known by the domain name.
4. The Respondent’s related business, known as Water Boss Trading, shared the same place of business, and both
entities were in the same business and known by the disputed domain name.

5. The Respondent created the name WATER BOSS after attending a seminar. During the seminar, the word BOSS denoted “Business Opportunity System Success,” and the Respondent used this idea to coin the business name. The Respondent was not aware of the existence of the Complainant.

6. The Respondent had clearly displayed the trade mark WATER BOSS on its advertising materials to promote its business, while the Complainant had produced limited evidence of alleged sales in Malaysia.

7. The Respondent’s offer to sell the disputed domain name to the Complainant was made on a strictly without prejudice basis and was a request for the Complainant to reimburse the Respondent for the costs of setting up its entire business.

The Complainant reasserted its contentions in the original complaint in the reply to the Respondent’s defence.

The three-member panel referred to paragraph 5 of the MYDRP, which stipulates that a complainant must establish that (1) the disputed domain name is identical or confusingly similar to a trade mark to which the complainant has rights and (2) the respondent registered and/or used the disputed domain name in bad faith.

In this case, the panel held that even though the Complainant did not have a Malaysian trade mark registration, proof of ownership of a registered mark in one country was sufficient to demonstrate “rights” in a mark in Malaysia. The panel noted that common-law trade marks can also confer rights as long as there is evidence of long-established use and exposure of the mark in a particular market, but that this was not proven by the Complainant. Consequently, the Panel held that as the Complainant had registered the trade mark WATERBOSS in the United States, it had successfully established the first limb of the test. With respect to the second limb of the test, however, the Panel found that there was insufficient evidence to show that the Respondent had registered the disputed domain name in bad faith. The Respondent was using the name WATER BOSS in its business, and although it might be at risk by virtue of the Complainant’s bringing passing-off or trade mark infringement proceedings, the panel was unable to make any finding of bad faith. Therefore, the complaint was denied.
III.E.1. Injunction

Acushnet Company, a U.S. golf equipment and accessories manufacturer, was granted summary judgment by the High Court of Malaya against a Malaysian company, Metro Golf Manufacturing Sdn. Bhd., based on infringement of its registered trade mark TITLEIST in Class 28. The relief sought by the plaintiff included a permanent injunction, delivery up, disclosure on oath, inquiry as to damages, or, at the plaintiff’s option, an accounting of the defendant’s profits and costs.

Pursuant to a raid conducted by the enforcement authority in Malaysia (the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs) at the defendant’s premises, infringing items bearing the trade mark TITLEIST were seized.

Apart from arguing that summary judgment was not appropriate as there were triable issues in the suit, the defendant claimed innocence, alleging that it had obtained its goods from a third party, Zonson Sports (Malaysia) Sdn. Bhd. (Zonson). The defendant asserted that Zonson had represented to the defendant that it was an authorized manufacturer of the plaintiff and, accordingly, the defendant was fully authorized by the plaintiff to use the trade mark TITLEIST. The plaintiff claimed that it had no specific knowledge of Zonson’s representations. In the alternative, the defendant also submitted that the infringement (if any) was trivial or inadvertent, because of the representations made by Zonson.

The High Court stated that in cases involving trade mark infringement, the court has jurisdiction to enter summary judgment provided all of the following necessary ingredients are fulfilled:

1. The statement of claim has been duly served on the defendant;
2. The defendant has entered an appearance; and
3. The affidavit in support of the application has complied with the prescribed requirements.

It went on to state that, in order to succeed, the plaintiff must establish its cause of action against the defendant for trade mark infringement and that the defendant must not have raised any defence to the plaintiff’s claim, or any triable issue for that matter. Once the plaintiff succeeds in making a prima facie case against the defendant, the onus then shifts to the defendant to show why judgment should not be entered against it.

The High Court held that there had been an infringement of the plaintiff’s registered trade mark TITLEIST. There was clearly

no triable issue. There was no evidence that Zonson was an agent of the plaintiff, and the defendant had failed to provide any evidence that it took reasonable steps to carry out due diligence on Zonson to confirm Zonson’s claim that it was authorized by the plaintiff to manufacture the plaintiff’s goods. In any event, the sale of goods bearing the trade mark TITLEIST was made by the defendant without any authorization whatsoever, whether direct or indirect, from the plaintiff. Further, the plaintiff confirmed that the goods seized from the defendant were counterfeit goods.

As the defendant was in the business of manufacturing and had not shown evidence that all the goods that it allegedly obtained from Zonson had been disposed of or seized, the threat of infringement still existed. Therefore, the High Court held that a permanent injunction to restrain the defendant from using the TITLEIST trade mark was appropriate. As to whether the infringement was trivial or inadvertent, the Court found that the amount of goods seized from the defendant’s premises could not be considered trivial, and claiming innocence was not a defence to trade mark infringement.

**MOROCCO**

**III.A.5.a. Cybersquatting**

Fiat S.p.A. owner of the famous trademark FIAT, brought suit against Assab Anwar, a Moroccan national, who, without Fiat’s authorization or knowledge, registered the country-level domain name www.fiat.ma.

The Court determined that this abusive registration constituted an act of cybersquatting and was contrary to the provisions of Articles 137 and 184 of the Moroccan Industrial Property Law and Articles 6bis and 8 of the Paris Convention.

768. Law No. 17-97, issued February 15, 2000, Concerning Protection of Industrial Property. Article 137 of the Industrial Property Law provides:

A sign may not be adopted as a mark where it infringes earlier rights, particularly:

(a) an earlier mark that has been registered or that is well known within the meaning of Article 6bis of the Paris Convention for the Protection of Industrial Property;

(b) the name or style of a company, where there is a risk of confusion in the public mind;

(c) a trade name or sign board known throughout the national territory, where there is a risk of confusion in the public mind;

(d) a protected geographical indication or appellation of origin;

(e) rights protected by the Law on the Protection of Literary and Artistic Works;

(f) rights deriving from a protected industrial design or model;

(g) the personality rights of another person, particularly his surname, pseudonym or likeness; [or]
It had little difficulty in concluding that the defendant’s intent had been to obtain a domain name that carried the potential threat of deception that would be harmful to Fiat. More particularly, the defendant’s use of the Fiat-related domain name took unfair advantage of the FIAT brand, in that, first, the domain name contained the word “fiat” in order to trade off Fiat’s reputation, and, second, through such use Anwar captured part of the Internet traffic of visitors entering Fiat-related names into their address bars in order to locate Fiat websites. In addition, he was guilty of trademark infringement for attempting to trade on and cause damage to Fiat’s goodwill.770

In light of the foregoing, the Court ordered the defendant to:

1. Cease any further use of the offending domain name, or face a daily penalty for noncompliance;
2. Publish the Court’s decision in two local newspapers at the defendant’s expense; and
3. Bear all Court expenses.

(h) the name, image or repute of a local authority.

Article 184 of the Industrial Property Law provides:

Any act of competition contrary to honest practice in industrial or commercial matters shall constitute an act of unfair competition. The following, in particular, shall be prohibited:

(1) All acts of such a nature as to create confusion by any means whatsoever with the establishment, the products or the industrial or commercial activities of a competitor;

(2) False allegations in the course of trade of such a nature as to discredit the establishment, products or industrial or commercial activities of a competitor; [and]

(3) Indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose or the quantity of the goods.

769. Article 6bis of the Paris Convention provides:

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Article 8 of the Paris Convention provides:

A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.

770. Decision No. 06/14009 (Court of Appeal, January 1, 2007).
NEW ZEALAND

I.A.1. Prior Use

In Aqua Technics Pool and Spa Centre New Zealand Limited v. Aqua-Tech Limited, the New Zealand Court of Appeal considered whether use of the company name Aqua-Tech in the wholesaling and retailing of swimming and spa pools constituted trade mark use in relation to the goods themselves.

Aqua-Tech Limited (Aqua-Tech) manufactures and sells spa pools and swimming pools. Most of its sales are to the trade, in particular to an associated company, Cascade Industries Limited (Cascade). Cascade retails the pools to the public.

Aqua-Tech’s promotional materials refer to these pools as “Cascade pools.” However, all of its products, including the Cascade pools, were advertised under the heading AQUA-TECH. The AQUA-TECH logo and the company name Aqua-Tech Limited featured on every page of the catalogues, and each page was headed “Aqua-Tech Trade Catalogue” or “Aqua-Tech Catalogue.” The AQUA-TECH name also featured on invoices, and on warrantees and notices attached to each pool.

In the Court of Appeal, the appellant, Aqua Technics Pool and Spa Centre New Zealand Limited (Aqua Technics), argued that Aqua-Tech’s use was:

1. Part of a company name only;
2. Not on or in relation to the goods;
3. Not use as a trade mark; and
3. For services, not goods.

The Court of Appeal rejected Aqua Technics’ arguments. It confirmed that use of a trade mark can be use as part of a company or trade name and that use can be on promotional materials and not on the goods themselves.

Aqua-Tech’s use of the name AQUA-TECH was considered to be use as a trade mark because, in this case, it established a connection between the goods and the manufacturer, Aqua-Tech. The mark would be seen by the trade as being in relation to goods as opposed to services.

Aqua Technics applied for leave to appeal to the Supreme Court. Leave was declined, as the Court felt that the lower court had correctly dealt with the issues.

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I.A.2. Intent to Use

In *Effem Foods Limited v. Cadbury Limited*,\(^{772}\) the High Court of New Zealand held that Cadbury Limited’s (Cadbury’s) application for a purely defensive trade mark registration for EARTH should be rejected as Cadbury had no intention to use the mark. The High Court also confirmed that use of a mark can constitute use as a trade mark even when the mark is not used on the goods themselves and there is no intention to sell goods physically bearing it.

This case was an appeal from a decision of the Assistant Commissioner of Trade Marks\(^{773}\) that allowed Cadbury to register the trade mark EARTH for chocolates and various other goods in Class 30.

Effem Foods Limited (Effem), the owner of the MARS trade mark, opposed registration. Effem asserted, first, that it had prior rights in the EARTH mark through use, and, second, that there was no evidence that Cadbury had used the mark or intended to do so.

The only use of the word EARTH that Effem could rely on was use in a television advertisement, which featured young men playing hacky sack (footbag) in space. Toward the end of the advertisement, a billboard featuring a bar in MARS get-up carrying the stylised word EARTH instead of MARS appeared. A voiceover then announced, “Earth. What you’d eat if you lived on Mars.”

The Assistant Commissioner held that Effem had not used the word EARTH as a trade mark. Use of EARTH on the chocolate bar in the advertisement was not considered to be use of EARTH as a trade mark, because it was necessary that there be actual trade or intention to trade in goods bearing the mark. No “EARTH” bars were ever sold in New Zealand, nor was there any intention ever to engage in such sale.

In the High Court, Judge Miller concluded that the legislation did not require that there be goods physically bearing the trade mark or an intention to offer such goods. However, he held that Effem had not used the word EARTH in a trade mark sense. There was no evidence that EARTH, used alone, was capable of indicating to consumers that Effem was the trade source of MARS bars. Judge Miller agreed with the Assistant Commissioner that the advertisement did not draw a connection between the word EARTH and Effem’s product, but used it in juxtaposition with the word MARS.


On the question of whether Cadbury had used or intended to use the mark EARTH, both Judge Miller and the Assistant Commissioner found in favour of Effem.

Cadbury applied to register EARTH on the basis of proposed use. It did not use the mark EARTH, and it was clear from Cadbury’s own evidence that the firm’s purpose in seeking registration was purely defensive. It wanted to protect its MOTHER EARTH mark, which had been used in New Zealand since 1981 in relation to cakes, fruit bars, pasta, soups, chilled food products, sauces, and other snack foods and speciality breads. Judge Miller and the Assistant Commissioner agreed that use of the mark MOTHER EARTH was not tantamount to use of the mark EARTH because the marks were distinct.

Judge Miller accepted that the application itself was prima facie evidence of intention to use, which removes any need to enquire into the applicant’s intention in every case.

In this case, the inference of intention to use that arose from the application was displaced by Cadbury’s own evidence, which established that the purpose of its trade mark registration application was purely defensive. Therefore, Cadbury failed to establish intention to use. The judge noted that “the intention to use must be a settled purpose and absence of a bona fide intention to use the mark prevents it from being a trade mark.”

I.C. Distinctiveness

The Court of Appeal, in Cadbury Limited v. Effem Foods Limited,774 confirmed that Cadbury Limited (Cadbury) was not entitled to register the word PURPLE for various non-purple confectionery goods, on grounds of lack of distinctiveness.

Cadbury applied to register the word PURPLE for the following goods in Class 30:

Chocolate, chocolates, non-medicated confectionery, biscuits, wafers, cakes, snack food, preparations made from cereal; ice cream, ices, frozen confections; none of the foregoing goods being coloured purple [emphasis added].

Cadbury’s competitor Effem Foods Limited (Effem) opposed the application. At the initial hearing,775 the Assistant Commissioner held that the word PURPLE was eligible for registration. This decision was overturned in the High Court.776 Cadbury appealed the High Court’s decision.

The appeal concerned the following issues:

- Did the word PURPLE have a direct reference to the character and quality of the goods?
- If not, was there a separate requirement of distinctiveness?
- Did the word PURPLE meet the distinctiveness criteria?
- Was the exclusion of goods coloured purple allowable?

Cadbury’s application was reviewed under the provisions of the Trade Marks Act 1953 because it was filed before the Trade Marks Act 2002 came into force. The general principles considered in this case are still relevant, however, in determining whether a mark is registrable under the 2002 Act.

The Court of Appeal held that Cadbury was not entitled to register the word PURPLE on descriptiveness grounds. It found that the word PURPLE could not be divorced from the colour purple, and therefore was descriptive of goods that were purple or had purple packaging. Given people’s different perceptions of colour, the word PURPLE could, the Court held, be descriptive of at least some of the goods covered by the application.

The Court then went on to consider the remaining issues.

First, the Court confirmed that there was a separate requirement of distinctiveness.

Second, as the mark had not been used, the Court had to assess it on the basis of inherent capacity to distinguish. In this regard, Cadbury was unsuccessful in arguing that PURPLE was distinctive as long as it was not used on purple products. Excluding the goods covered by the application on the basis of a characteristic of those goods was not sufficient to confer a distinctive character on the mark.

Finally, the Court held that the exclusion of goods coloured purple was not allowable. You can exclude certain categories of

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777. Effem opposed Cadbury’s application on the grounds that the word PURPLE (1) did not fall within the definition a trade mark and (2) was not eligible for registration as a trade mark.

Section 2 of the 1953 Act defines “trade mark” as “a mark used or proposed to be used in relation to goods . . . to indicate . . . a connection in the course of trade between the goods and some person having the right either as a proprietor or as registered user to use the mark . . .”

Section 14(1) of the 1953 Act provides, in pertinent part:

In order for a trade mark . . . to be registrable in Part A of the register, it must contain or consist of at least one the following essential particulars: . . .

(d) A word or words having no direct reference to the character or quality of the goods or services, and not being according to its ordinary signification a geographical name or a surname[;]

(e) Any other distinctive sign, but a name, signature, or word or words, other than such as fall within the descriptions in the foregoing paragraphs (a), (b), (c) and (d), shall not be registrable under the provisions of this paragraph except upon evidence of its distinctiveness. . .
goods, but you cannot exclude goods on the basis of a characteristic of the nature of the goods because such exclusions could lead to uncertainty as to the extent of protection afforded by the registration.

In doing so, the Court of Appeal followed the decisions in *POSTKANTOOR* and *Croom’s Trade Mark Application* and approved a proposed practice direction issued by the Intellectual Property Office of New Zealand whereby the Office will refuse to allow registration of a mark when the statement of goods or services contains negative restrictions that relate to characteristics of those goods or services, as opposed to certain categories of goods or services.

Cadbury already has a particular shade of the colour purple registered for chocolate blocks and bars. Hence, the decision that Cadbury could not register the word PURPLE did not affect Cadbury’s existing trade mark rights in the colour purple.

**I.D.1. Similarity of Marks**

In *Austin, Nichols & Co v. Stichting Lodestar*, the Supreme Court of New Zealand, New Zealand’s highest court, clarified the approach to be taken by judges on trade mark appeals.

Concern arose over statements made by the Court of Appeal that could have been interpreted as requiring appeal judges to defer to the assessment of the Commissioner of Trade Marks. The Supreme Court confirmed that an appeal court has the responsibility of arriving at its own assessment of the merits of the case.

The case involved a trade mark opposition. Austin, Nichols & Co., the owner of the registered trade mark WILD TURKEY, for whisky in Class 33, opposed Stichting Lodestar’s application for registration of the mark WILD GEESE, for alcoholic beverages in the same class. The Assistant Commissioner and the High Court considered various ways of assessing the similarity of marks and the likelihood of deception or confusion.

The Supreme Court reinforced the position in New Zealand that the test for comparison of marks turns ultimately on overall impression and context. On this basis, the Supreme Court upheld...
the Court of Appeal's ruling overturning the High Court's reversal\(^7\) of the Assistant Commissioner's decision\(^8\) that there was no reasonable likelihood of deception or confusion of consumers.

Of note is that the International Trademark Association, as an intervenor, was given leave to make submissions on the weight and deference that should be given to the Commissioner's decision in different circumstances.\(^9\)

**NIGERIA**

**III.H.2. Forum Conflicts**

In *Omnia Nigeria Limited v. Dyktrade Limited*,\(^10\) the Supreme Court of Nigeria had an opportunity to consider once again the vexed question of which court has jurisdiction to entertain an action for passing off of an unregistered trade mark— the Federal High Court or the High Court of a state. It failed to seize the opportunity fully, however, and so the question remains open.

Dyktrade had commenced an action in the Federal High Court for passing off of its trade mark SUPER ROCKET at a time when its trade mark application was pending, but by the time Dyktrade filed its statement of claim the trade mark had been registered. The fact of registration of the trade mark was pleaded in the statement of claim. After the statement of claim had been filed, Omnia challenged the jurisdiction of the court on the ground that only passing off had been alleged in the initial writ.

The Supreme Court held that it is the state of the pleadings at the time jurisdiction is challenged that is relevant, not how they stand at the time the action is commenced. In the Court's view, the present action involved a registered trade mark, and so the Federal High Court was competent to hear the matter. Although it was therefore unnecessary to go further, the Court also appears to have taken the view that Section 3 of the Trade Marks Act deals with actions for passing off of unregistered trade marks,\(^11\) and by

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787. Trade Marks Act, 1965, Laws of the Federation of Nigeria 1990, ch. 436. Section 3 provides: "No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark; but nothing in this Act shall
virtue of the Federal High Court Act (as amended) the Federal High Court could hear such actions. In the circumstances, its comments on the issue are obiter dicta and therefore not binding on any court.

It will be recalled that in its earlier decision in Ayman Enterprises Limited v. Akuma Industries Limited, the Supreme Court had held that where a trade mark is unregistered, the Federal High Court is, ab initio, without jurisdiction to hear a passing-off action. The court in Omnia Nigeria v. Dyktrade took account of Ayman Enterprises v. Akuma Industries in coming to its decision, but given that this aspect of the decision was obiter, the law remains in an untidy state. It remains uncertain in which court a claimant should commence proceedings when a passing-off claim is brought in respect of an unregistered trade mark.

NORWAY


The Norwegian Patent Office’s Board of Appeals upheld the refusal by the Patent Office’s First Division of the application for registration for the word mark CAFFE VERONA in Class 30 in the name of Starbucks Corporation, an American company.

The refusal was based on risk of deception of consumers with respect to the commercial origin of the goods. The applicant originated from the United States, whereas VERONA is a city in Italy. As the application also covered coffee and CAFFE is the Italian word for coffee, the mark could be understood as meaning “coffee from Verona”; however, because the application covered not only Italian coffee products but also a variety of other goods in Class 30, it had to be refused.

The Board of Appeals also held that the applied-for mark did not have the necessary distinctiveness, as CAFFE VERONA is descriptive for coffee and coffee products.

be taken to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.”


790. See Norwegian Trademarks Act (Act No. 4 of March 3, 1961, as amended), Section 14, paragraph 1, subparagraph 2 (“A trademark may not be registered if . . . it is liable to deceive. . . .”).

791. See id. Section 13, which provides as follows:

A trademark which is to be registered must be capable of distinguishing the goods of the holder from those of others. The trademark may not exclusively, or with no
The Board of Appeals reversed the First Division’s decision denying the application for extension to Norway of the International Registration for the trademark MAIL EXPRESS LOGISTICS FINANCE & Device (see below),\(^792\) covering goods and services in Classes 9, 12, 14, 16, 25, 28, 35, 36, 38, 39, and 42, on the ground that the applicant, the German postal, logistics, and courier company Deutsche Post AG, did not accept a disclaimer for the text of the trademark.\(^793\)

The Board of Appeals found that the mark was descriptive and lacked distinctiveness. Even though it agreed with the First Division with respect to this question, it reversed the First Division’s decision to enter a disclaimer.\(^794\) According to procedures in connection with disclaimers that came into force on April 1, 2006, the Patent Office may not, \textit{ex officio}, enter disclaimers, notwithstanding the provisions for disclaimers in Norwegian trademark law.\(^795\) In cases where it has requested a disclaimer, the Patent Office is obliged to drop the disclaimer when that is

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\(^792\) IR No. 775933, granted February 15, 2007.


\(^794\) See Norwegian Trademarks Act Section 13.

\(^795\) See \textit{id.}, Section 15, which provides as follows:

The exclusive right acquired by registration of a trademark does not include such part of the trademark as would be refused separate registration.

Where the trademark includes such a part, and the Patent Office presumes that registration of the trademark may create uncertainty as to the scope of the exclusive right, it may at the time of registration be stated explicitly in a disclaimer that this part is excluded from legal protection.

If it is later shown that the part of the trademark which was excluded from legal protection is registrable, a new application for registration may be filed for that part alone or the trademark as a whole without the previous disclaimer.
requested by the applicant. Accordingly, the mark was given effect in Norway without a disclaimer.

PANAMA

I.D.1. Similarity of Marks

On appeal, the Third Superior Court affirmed the decision of the lower court, holding that there was no likelihood of confusion between the marks at issue, namely, MESYGEST, registered in the name of Schering Aktiengesellschaft, and MESYGINA, registered in the name of Laboratorios Vijosa, S.A. de C.V., both covering pharmaceutical products in Class 5.

With its ruling, the appellate court confirmed previous decisions regarding pharmaceutical trademarks, which established that trade dress, the intervention of medical experts, and the fact that pharmaceutical consumers are more cautious than other consumers contribute to diminishing the likelihood of confusion between pharmaceuticals. Thus, the cancellation suit against Schering’s trademark MESYGINA was rejected.796

Based on its registration in 2002 of the trademark DELIBAR in Class 30 in Colombia, P.C.A. Productora y Comercializadora de Alimentos, S.A. opposed the registration of the defendant’s three trademarks—DELIBAR, CEREAL CON CHOCOLATE (AROS); DELIBAR, FRUTA Y CHOCOLATE BLANCO; and DELIBAR, CEREAL CON CHOCOLATE (BARRA)—for use in advertisements. The first-level court denied registration, finding that the plaintiff provided evidence that the contested trademark registrations would unfairly benefit the defendant by allowing it to position its marks in Colombia, Panama, El Salvador, and Guatemala, the latter ones registered in 2004 and 2005, particularly because both parties’ marks would circulate in related commercial channels.

On appeal, the defendant raised the argument that it was entitled to protection under the Paris Convention based on the previous registration of its marks in Panama in 2004. The Third Superior Court established that the Paris Convention does not afford protection to trademarks that impair rights previously granted in signatory countries. It further affirmed that Panamanian trademark law grants protection to prior registrations as well, whether they be local or foreign. Hence, the court found local law to be in conformity with the law of the Convention.

The appellate court also disregarded the defendant's evidence of coexistence of the marks in other countries. It affirmed that, unlike in Panama, evidence of coexistence abroad has a relative value when used to establish likelihood of confusion. Thus, it held that a court was not obliged to render a holding in favor of the defendant on the basis of coexistence in other countries. However, the court did not provide a test for weighing the evidentiary value of trademark coexistence in Panama.\footnote{797}

Productos Alimenticios Pascual, S.A. filed opposition against the registration of the trademark DORADA MUFFIN by Corporacion PVC de Guatemala, S.A. in Class 30, based on the mark's similarity to its previously registered trademark DORADOS, for snacks in the same class.

The first-level court held that the word MUFFIN was not sufficiently distinctive to be registered for products in Class 30. It then compared the words DORADOS and DORADA, which, it found, were the same adjective, DORADOS being the masculine plural form and DORADA the feminine singular.

The defendant appealed, arguing that the plaintiff should bear the burden of having its trademark DORADA MUFFIN coexist with the defendant's trademark DORADOS because DORADA MUFFIN was a weak mark. The Third Superior Court disregarded the defendant's argument, holding that even a weak mark does not justify consumer confusion.\footnote{798}

\textbf{III.F.1. Non-Use}

Manufacturera 3M S.A. de C.V. filed a cancellation action against the trademarks 3M and 3M & Design, owned by 3M Company and covering products in Class 7, based on non-use during the previous five years.

The first-level court held in favor of the defendant, 3M Company. The plaintiff appealed, arguing that the defendant did not provide evidence of use for its products, notwithstanding its clear duty to do so.

Affirming the lower court's decision, the Third Superior Court held that notorious trademarks are exempt from the application of the "specialty rule," which exempts such marks from the requirement that evidence of use be provided in every class. Furthermore, the use of a notorious trademark in a certain class bars the cancellation of the trademark in the remaining classes.

\footnote{797. \textit{P.C.A. Productora y Comercializadora de Alimentos} v. \underline{______} (First District Circuit, Third Superior Court, June 17, 2007).}

\footnote{798. \textit{Productos Alimenticios Pascual, S.A. v. Corporacion PVC de Guatemala, S.A.} (First District Circuit, Third Superior Court, July 13, 2007).}
This is a landmark case, as the court expressly provided criteria for proving non-use of notorious trademarks.799

PARAGUAY

I.F. Famous and Well-Known Marks

Manufacture des Montres Jaguar S.A., a Swiss company, applied for registration of the trademark JAGUAR, to cover watches in Class 14. The U.K. firm Jaguar Cars Limited filed opposition against this application based on its Paraguayan registration for the trademark JAGUAR, covering cars in Class 12.

The opposition was rejected by the Director of the Trademark Office. The opponent appealed, but the Ministry of Industry and Commerce upheld the Director’s rejection of the opposition.

Jaguar Cars Limited filed a judicial action before the First Exchequer Court of Justice. The Court issued a favorable ruling revoking both prior administrative decisions. It held that the opposing mark was a well-known denomination worldwide and was protected by the Paris Convention.

On appeal by Manufacture des Montres Jaguar S.A., the Supreme Court of Justice affirmed the Exchequer Court’s decision. It confirmed that the trademark JAGUAR owned by Jaguar Cars Limited was a notorious mark that could not coexist with the mark JAGUAR applied for by Manufacture des Montres Jaguar S.A.800

The Supreme Court’s vote was a close one, the three-judge panel voting two to one in favor of Jaguar Cars Limited. In the minority opinion, the judge who voted to affirm the administrative decisions and revoke the resolution of the Exchequer Court expressed the view that JAGUAR was not a notorious mark because it was not known to the majority of the Paraguayan people, whether consumers or not. The majority, however, held that as the trademark JAGUAR had a worldwide fame, it was a notorious mark.

We would suggest that the decision of the majority is correct, because the notoriety of a mark must exist in the interested commercial circle (in this case, potential buyers of luxury cars). By contrast, the minority interpreted the term “notorious mark” as meaning one that was well known in all sectors of the population.

799. Manufacturera 3M S.A. de C.V. v. 3M Co. (First District Circuit, Third Superior Court, February 7, 2007).

800. Jaguar Cars Limited v. Manufacture des Montres Jaguar S.A., Decision No. 1593 (Supreme Court of Justice, December 27, 2006).
III.D.2. Equitable Defenses

The Peruvian Administrative Court recently resolved an infringement action brought by the Swedish company Volvo Trademark Holding AB against the Peruvian company Ortega Diesel S.R.L. The plaintiff alleged unauthorized use by the defendant of its trademark VOLVO, registered in Peru, including use of the mark VOLVO ZONE (see below).

Ortega Diesel S.R.L. is a retailer of vehicle spare parts. Volvo Trademark Holding based its infringement claim on Ortega Diesel’s use of the trademark VOLVO, along with the modification of that trademark to read VOLVO ZONE.
The Trademark Office found that the mark VOLVO ZONE as used by Ortega Diesel was likely to produce consumer confusion with regard to the VOLVO trademarks as registered by Volvo Trademark Holding.  

While ruling that the defendant was not precluded from commercializing goods legitimately marked with the trademark VOLVO, the Trademark Office recognized that the defendant’s use of the mark did not qualify as an exception to exclusive rights derived from a trademark registration, regulated under Article 157 of Andean Community Decision 486. 

The Trademark Office ruled that use of the VOLVO trademark by Ortega Diesel was not for purposes of information, but instead constituted use as a trademark, and consequently was likely to induce confusion among consumers. It prohibited the defendant’s further use of the trademark VOLVO, whether in isolation, or jointly with other elements as in VOLVO ZONE, to distinguish economic activity related to the commercialization of goods in Class 12. In addition, it fined the defendant 5 UIT (approximately US $5,750).

Ortega Diesel S.R.L. filed an appeal before the Administrative Court against the Trademark Office’s resolution. The Administrative Court overruled the first instance decision.

1. There is no general rule to determine when use of a trademark has an informative purpose. In principle, it is possible to state that any merchant may use in commerce a trademark owned by a third party insofar as such use does not induce the public to believe that its business and the owner of the trademark are economically related from an economic or organizational perspective. Use must not be of a trademark nature but rather must be an indication that allows consumers to acknowledge that products under the specific trademark are being offered for sale. Merchants must take necessary measures to secure that use of the mark does not imply an abusive use of the other trademark’s reputation.


802. Andean Community, Decision 486, September 14, 2000. Article 157 provides, in pertinent part: “Trademark registration shall not confer on the owner the right to prevent a third party, where proceeding in good faith, from using the trademark to announce, even in advertising using brand comparisons, offer for sale, or advertise the existence or availability of lawfully trademarked goods or services, or from advertising the compatibility or suitability of spare parts or accessories that may be used with goods bearing the registered trademark, provided that such use is confined to the purpose of informing the public and is unlikely to lead to confusion over the corporate origin or the goods or services concerned.”

2. Use of trademarks in advertising is a limitation to the exclusive right to a trademark, to the benefit of the transparency of the market. Such limitation is justified to the extent that it is necessary for economic agents to access their relevant market, in order to inform the public what goods and services are being offered. In most cases, such use is beneficial to the trademark owner.

The Administrative Court ruled that in this specific case the defendant made use of the trademark VOLVO, including VOLVO ZONE, to inform consumers that both the activities related to commercialization of vehicle spare parts, and the vehicle spare parts falling in Class 12, were directed to, inter alia, VOLVO vehicles.

In addressing the claim of modification of the trademark VOLVO, as registered in Peru, to read VOLVO ZONE, the Court ruled that, although VOLVO ZONE was not identical to the claimant’s trademark, because the use was of an informative nature, it did not constitute infringement of the trademark rights of Volvo Trademark Holding AB.

PHILIPPINES

I.A.1. Prior Use

In an earlier decision, the Supreme Court had dismissed the infringement case filed in the lower court by respondent Developers Group of Companies, Inc. against petitioners Shangri-La International Hotel Management, Ltd. et al. on the grounds that (1) the respondent failed to show actual commercial use of the composite SHANGRI-LA mark and “S” logo at least two months prior to the filing of its application for registration, a requirement under the law then in effect, and (2) the respondent acted in bad faith in copying not only the exact word portion of the petitioners’ composite mark, even using the same lettering style, but also the petitioners’ “S” logo.

In the instant motion for reconsideration, the respondent argued that the decision amounted to an abandonment of the territoriarity principle because the petitioners had been using the subject mark only outside the Philippines while the respondent was a Philippine registrant of the mark. The Supreme Court held

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804. G.R. No. 159938 (Supreme Court, March 31, 2006).
805. Republic Act No. 166, as amended, the former trademark law, in effect until December 31, 1997.
that it respected the territoriality principle but that the respondent was not entitled to protection under it for the reasons mentioned above.

The respondent also raised the argument that there was a change of theory by the petitioners in that they initially claimed rights in the mark as owner and then, subsequently, asserted that they could be damaged by the registration of the mark. In addition to finding that the petitioners were the originator and creator of the mark, the Supreme Court held that the fact that the petitioners (who were not the registrants of record) had juridical personalities separate from their mother corporation was not an obstacle to the enforcement of their rights over the mark because they had a right of action over the mark inasmuch as the law does not require the party seeking relief to be the owner of the mark; the party can be any person who is or will be damaged by the registration of the mark.

I.D.1. Similarity of Marks

In *McDonald's Corp. v. MacJoy Fastfood Corp.*, the Court of Appeals had reversed the decision of the Intellectual Property Office and allowed the registration of respondent MacJoy Fastfood Corporation’s trademark MACJOY & Device, covering fried chicken, chicken barbeque, burgers, fries, spaghetti, palabok, tacos, sandwiches, halo-halo, and steaks in Classes 29 and 30, despite the opposition of petitioner McDonald’s Corporation. In reversing the Court of Appeals’ decision, the Supreme Court ruled that the dominancy test should be applied to determine confusing similarity. Although it found itself in agreement with the Court of Appeals’ detailed enumeration of the differences between the competing marks MCDONALDS and MACJOY, the Supreme Court held that their predominant features would lead an ordinary purchaser to conclude that an association or relationship existed between them. Both marks had as their dominant features the corporate logo, the Golden Arches or “M” design, and its trademarks MCDONALD’S, MCCHICKEN, MCFRIES, BIG MAC, MC DO, MC SPAGHETTI, MC SNACK, and MC (collectively, MCDONALD’S).

In reversing the Court of Appeals’ decision, the Supreme Court ruled that the dominancy test should be applied to determine confusing similarity. Although it found itself in agreement with the Court of Appeals’ detailed enumeration of the differences between the competing marks MCDONALDS and MACJOY, the Supreme Court held that their predominant features would lead an ordinary purchaser to conclude that an association or relationship existed between them. Both marks had as their dominant features the corporate “M” design logo and the prefixes MC- and/or MAC-. In addition, M, the first letter in both marks, was the prominent part of the prefixes MC- and/or MAC- by virtue of the similar way they were depicted, which was in an archlike, capitalized, and distinctly stylized manner. It was the MC- prefix,


808. CA-G.R. SP No. 57247 (Court of Appeals, July 29, 2004), motion for reconsideration denied.
an abbreviation of MAC-, that caught, visually and aurally, the attention of the consuming public. Finally, both marks covered fast foods.

The application of the dominancy test in this case is in line with the Supreme Court’s recently decided cases and is a recognition of the incorporation of the dominancy test in Section 123 of the Intellectual Property Code of the Philippines.809

III.E.4. Seizure

Summerville General Merchandising Company is the registrant of a design for the case and packaging of ROYAL playing cards. Summerville filed a complaint against Arotech International for trademark infringement and for the unauthorized manufacture, distribution, and sale of cards bearing the ROYAL mark. Based on a search warrant issued for the premises of Arotech, boxes of CROWN brand playing cards in ROYAL brand packaging were seized. The trial court, however, released the CROWN brand playing cards but not the packaging materials, as it was only the containers that allegedly violated the petitioner's intellectual property rights.810 The Court of Appeals affirmed.811

On appeal, the Supreme Court held that the CROWN brand cards were not items that were the “subject of the offense” and thus were not the proper object of seizure under a search warrant in an infringement case. There was never any allegation that the CROWN brand mark was a reproduction or colorable imitation of a registered mark owned by the petitioner. Hence, no crime of trademark infringement had been committed with respect to the

809. Section 123.1 provides, in pertinent part:

A mark cannot be registered if it: . . .

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, that in determining whether a mark is well known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines in respect of goods or services which are not similar to those in respect of which registration is applied for: Provided, that use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, that the interests of the owner of the registered mark are likely to be damaged by such use. . . .

810. Criminal Case No. 02-2623-26 (Regional Trial Court, City of Manila, order of June 10, 2002), motion for reconsideration denied.

811. CA-G.R. SP No. 73799 (Court of Appeals, March 13, 2003).
CROWN cards, as they were not the “subject of the offense.” Indeed, the petitioner alleged that it was the plastic container cases themselves upon which its registered mark was reproduced. Accordingly, the release of the cards was in order.\textsuperscript{812}

\textbf{QATAR}

\textit{I.D.3. Conflict Between Trademarks and Corporate Names}

Escada AG, owner of the well-known trademark ESCADA, covering clothing, perfumery, cosmetics, sportswear, sunglasses, and fashion accessories, brought a lawsuit against Escada Salon, a local chain of men’s barbershops, which, without the plaintiff’s authorization or knowledge, had used the ESCADA mark, in the same typeface as the original, in its trade name.

The Court of First Instance held that the local company’s unauthorized use of the plaintiff’s mark in its trade name constituted an imitation of a famous mark that enjoyed an extensive worldwide reputation. It found that the average consumer would be likely to confuse the corporate name Escada Salon with the ESCADA trademark, despite the fact that the target consumer segment and the retail channels covered by each were different.\textsuperscript{813}

The Court’s decision was based on the provisions of Articles 8, 36, and 37 of the Qatari Trademark Law\textsuperscript{814} and Article 6bis of the

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\textsuperscript{813} Decision No. 175/2006 (Court of First Instance, January 31, 2007).

\textsuperscript{814} Law No. 9 of 2002 on Trademarks, Commercial Indications, Trade Names, Geographical Indications and Industrial Designs, issued June 15, 2002.

Article 8 of the Trademark Law provides:

The following may not be registered as marks or as component elements of marks:

(i) Signs [which are] devoid of any distinctive character, or which are merely descriptive of characteristics of the goods or services or which are only the normal appellations which are in use for such goods or services or their normal designs;

(ii) Any expression, design or sign contrary to morality or public order;

(iii) Public emblems, flags and other symbols and names or denominations relating to a State or to an international organization, as well as any imitation of such emblems, names, etc., unless a written authorization from the competent authority has been previously obtained;

(iv) Official signs and hallmarks of a State relating to its control and guarantee of goods and services, unless a written authorization from the competent authority has been previously obtained;

(v) Signs identical or similar to the Red Cross or Red Crescent and other similar symbols;
Paris Convention. Additional overriding standards—the reputation of the ESCADA trademark within the relevant trade and consumer groups in Qatar; the duration, extent, and geographical area of any promotion of the trademark in Qatar; and the extent to which the mark was recognized as well known by other competent authorities in other countries—were also taken into consideration.

In light of the foregoing, the Court ordered the defendant to:

1. Cease any further use of the offending trade name;
2. Remove all signs bearing the Escada Salon trade name and the ESCADA trademark;
3. Destroy all items and materials referring to the trade name and trademark; and
4. Record the cancellation of the offending trade name in the records of the Commercial Registry.

(vi) The picture of a third party or his emblem, unless his consent has been previously obtained;
(vii) Indications of honorary distinctions to which the applicant cannot prove that he is legally entitled;
(viii) Signs confusingly identical or similar to a mark already filed or registered by a third party for identical or similar goods or services or to well-known signs (irrespective of the identicalness or similarity of the related goods or services for which registration is sought) even if they are not filed or registered in Qatar;
(ix) Signs likely to deceive the public or which contain false indications as to the origin or other characteristics of the goods or services, as well as signs containing a fictitious, falsified or counterfeit indication or trade name; and
(x) Marks identical or similar to religious symbols.

Article 36 of the Trademark Law provides:

The owner of a trade name shall have the right to prevent others from the use of his trade name or any indication thereof in such a way that might mislead the public or create confusion about products or services related to the trade name.

Article 37 of the Trademark Law provides:

The provisions of this Law on trademarks shall apply on trade names without prejudice to their character.

815. Article 6bis of the Paris Convention provides:

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.
II.C.1.g. Two- and Three-Dimensional Marks

In Lubbe v. Millennium Style (Pty) Ltd, the Supreme Court of Appeal was faced with the question of registrability of two- and three-dimensional trade marks in rectification proceedings.

The current Trade Marks Act specifically recognises three-dimensional shape marks as being registrable (assuming that they are capable of distinguishing). Under the repealed prior Trade Marks Act, however, shapes were not registrable. As the trade marks in question had been registered in accordance with the provisions of the 1963 Act, the trade mark proprietor attempted to argue that they were in fact two-dimensional marks, being devices, that is, visual representations or illustrations capable of being reproduced on a surface, whether by printing, embossing, or any other means. Each of the registrations contained a statement to the effect that the mark consisted of a device of the design of a sole applied to footwear. The court observed that there was a big difference between a device that had to be applied to a sole, which could have been registered, and a design of a sole, which could not. It concluded that the marks obviously were intended to represent the three-dimensional design of a sole, and accordingly they were expunged from the register.

The court also considered the trade mark value of distinctive shoe soles and devices for soles. It noted that while under the 1993 Act devices, shapes, and configurations may be registered as trade marks, the mere fact that they may be distinctive does not mean that they are distinctive in the trade mark sense (i.e., they indicate the source of origin of the goods concerned). The court further observed that typically the pattern or shape of a shoe sole would be regarded by the purchaser either as ornamental or as part of the design of the shoe tread, and would seldom be considered as a source identifier. It concluded that the marks at issue were not capable of distinguishing in the trade mark sense, and consequently they were expunged.

It is clear from this judgment and the Bergkelder ruling that the South African Supreme Court of Appeal will closely analyse all three-dimensional marks. The court expressed its disapproval of such marks by stating that, as with cybersquatters, there are those

who squat on the trade mark register, using registrations to stifle competition and giving intellectual property law a bad name. It is clear that only three-dimensional trade marks that are capable of distinguishing in a trade mark sense (i.e., that indicate the source of origin) will withstand the scrutiny of the Supreme Court of Appeal.

**III.A. Infringement**

In *Verimark (Pty) Limited v. BMW AG*, the South African Supreme Court of Appeal was called upon to consider whether non-trade mark use constitutes primary trade mark infringement. BMW was the registered proprietor of the BMW logo trade mark, covering car polish. Verimark used a representation of a BMW motor vehicle (displaying the BMW logo on its hood) on the packaging of its DIAMOND GUARD car polish. Thus, Verimark was using the identical mark for the identical goods covered by the trade mark registration, which use had, in terms of earlier authorities, constituted primary trade mark infringement.

The court observed that it is common knowledge that a trade mark serves as a badge of origin and that trade mark law does not give copyright-like protection. Accordingly, the primary infringement provisions of the Trade Mark Act, which give, in a sense, absolute protection, cannot be interpreted to give greater protection than that which is necessary for attaining the purpose of a trade mark registration, namely protection of the mark as a badge of origin. The test is to consider the alleged infringer's use of the mark through the eyes of the consumer. If the use creates an impression of a material link between the product and the owner of the mark, there is infringement; otherwise, there is not. For example, use of a mark for purely descriptive purposes would not create that impression.

In applying this interpretation of the law to the facts, the court found that the consumer would not perceive that there existed a material link between BMW and the DIAMOND GUARD product or that the logo on the car performed any guarantee-of-origin function in relation to DIAMOND GUARD car polish. Accordingly, BMW's claim for an injunction was dismissed.

**III.A.1.a. Blurring**

The South African Supreme Court of Appeal was called upon to consider dilution by blurring in circumstances where it had
already found that there was no primary trade mark infringement.\footnote{Verimark (Pty) Ltd v. BMW AG, Case No. 250/06 (SCA, May 17, 2007), [2007] SCA 53, available at http://www.law.wits.ac.za/sca/files/Verimark/Verimark.pdf. See III.A. Infringement.}

Verimark (Pty) Limited used a representation of a BMW motor vehicle (displaying the BMW logo on its hood) on the packaging of its DIAMOND GUARD car polish. By common consent the BMW logo constituted a well-known mark; therefore, the issue was whether Verimark’s use was likely to take “unfair advantage of the distinctive character or the repute” of the BMW mark, it being accepted that Verimark’s use was not detrimental to and did not tarnish BMW’s logo.

The appeal court recognised that the trade mark dilution infringement provisions were aimed at protecting the reputation, advertising value, or selling power of a well-known mark. It agreed with the finding in the court \textit{a quo} that although Verimark might be taking advantage of the reputation of the BMW logo, this was not done in a manner that was unfair. Verimark’s emphasis was on the effectiveness of its own car polish product sold under its established trade marks, and the court agreed that it would be contrived to expect Verimark to advertise car polish without using any make of car or to avoid showing vehicles in such a way that the logos were hidden or removed.

Viewing Verimark’s use with reference to the consumer’s perception, the court found that a consumer would consider the presence of the logo as incidental and part of the car, and would accept that the choice of car was fortuitous. A mental association did not necessarily lead either to blurring or to tarnishment, and the court failed to see how the use of the BMW logo could affect the advertising value of the logo detrimentally. Consequently, it dismissed BMW’s claim for dilution by tarnishment.

RUSSIAN FEDERATION

\textbf{I.D.1. Similarity of Marks}

CJSC Firm Bars, a closed joint stock company, applied to the Russian Patent and Trademark Office (Rospatent) to obtain registration of the word mark \textit{ВУЛКАН} (VULKAN in Cyrillic).\footnote{Application No. 2005729689, filed November 18, 2005.} Rospatent refused registration with respect to goods in Class 16 and services in Class 39 on the ground that the applied-for mark was identical to the verbal elements of senior trademarks registered with respect to similar goods and services in those classes. In so doing Rospatent disregarded the letters of consent that CJSC Firm Bars had obtained with respect to goods in Class
16 and services in Class 39 from the owners of the senior trademarks, namely, Firefighting Works Enterprise VULKAN, owner of the word and device mark ВУЛКАН (below, illustration at left), and CJSC Vulkan, owner of the word and device mark ВУЛКАН (below, illustration at right).

Registration No. 183998  Registration No. 241243

The applicant appealed the refusal of registration to the Chamber for Patent Disputes of Rospatent (CPD). The CPD sustained the examination decision, ruling that the applied-for mark was confusingly similar to the two senior trademarks. It held, further, that letters of consent issued by holders of senior rights should not be binding upon Rospatent in determining whether to grant or forbid registration of confusingly similar trademarks. In this regard, the CPD commented that letters of consent issued by owners of previously registered trademarks should be considered only in instances where a possibility of confusion of the applied-for mark and the cited trademark was “unobvious.”

CJSC Firm Bars then applied to the Moscow Arbitrazh (Commercial) Court, which reversed the CPD’s decision in part—specifically, the refusal to register the ВУЛКАН trademark for services in Class 39. The Court did not agree with the CPD’s interpretation of the Russian Federation Trademark Law, arguing that the statute did not provide the criteria for determining “obvious” or “unobvious” confusing similarity. In particular, the Court referred to Article 7, Section 1, Paragraph 4 of the Trademark Law, which allows registration of similar trademarks with the consent of the owner of the senior trademark. The Court also was of the view that Rospatent

826. Law No. 3520-1 of September 23, 1992, as amended.
827. Article 7, Section 1 of the Trademark Law provides as follows:

The following signs shall not be registered as trademarks if they are identical or confusingly similar to:

trademarks of other persons, applied for registration (provided applications for them have not been recalled) or protected in the Russian Federation by virtue of
authority in interpreting the Trademark Law should not override the limits envisaged by the law itself.

At the same time, the Arbitrazh Court refused registration of the ВУЛКАН trademark with respect to goods in Class 16 because of the preexisting, confusingly similar word and device mark ВУЛКАН (see below),\(^{828}\) registered for similar goods in that class in the name of Research and Development Enterprise Vulkan, as CJSC Firm Bars had failed to submit a letter of consent from this rightholder.

The appellate tribunal sustained the decision of the Moscow Arbitrazh (Commercial) Court.\(^{829}\)

![ВУЛКАН](image)

Registration No. 246144

This case is important because previously there was no uniform practice on the acceptability of letters of consent. The decision provides explicit guidelines with respect to this matter.

**SINGAPORE**

**I.D.1. Similarity of Marks**

In *Future Enterprises Pte Ltd v. McDonald’s Corp.*,\(^{830}\) McDonald’s successfully opposed Future Enterprises’ application for registration of the mark MACCOFFEE, to cover goods in Class 30, on the basis of its prior-registered trade mark MCCAFFE, covering goods in the same class.

Interestingly, Future Enterprises had previously applied for and obtained registration of the trade mark MACCOFFEE & Eagle Device in Class 30 unopposed. However, when the company applied for registration of the word mark MACCOFFEE in that class, its application was opposed by McDonald’s. The parties had been engaged in opposition proceedings in the past in relation to

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\(^{828}\) Registration No.246144, registered May 15, 2005.


other MAC- prefix marks applied for by Future Enterprises, in which proceedings McDonald’s was unsuccessful.\textsuperscript{831} In this case, however, the Registrar allowed the opposition under Section 8(2)(b) of the Trade Marks Act,\textsuperscript{832} on the grounds that the marks were similar and that there was a likelihood of confusion by the public.\textsuperscript{833}

On appeal by Future Enterprises, the High Court decided that when trade marks are being compared, consideration must be given to their visual, aural, and conceptual similarities and the marks should be examined as appearing on the Register and as filed in the application. The High Court accepted that it would be wrong to consider the prefix MAC- alone, without regard to the suffixes and the total impression conveyed by the marks. Applying this test, it found that the marks in this case were visually similar when their total visual impression was considered.

Further, the High Court was of the view that the marks were aurally similar, as they had three syllables each as well as homonymous and synonymous prefixes (MAC- and MC-). It found that, while not identically enunciated, the marks would sound remarkably similar as a whole, taking into account imperfect recollection and careless pronunciation.

In considering the conceptual similarity of the marks, the High Court also found that the idea behind the marks was the combination of the prefix MAC- or MC- with a coffee-related word, CAFÉ and COFFEE, and it did not matter that one mark could relate to a beverage and another to the place where the beverage was consumed, as in either case “the idea of coffee [was] invoked in the minds of the public.”

The High Court agreed that it was not proper to allow companies to monopolize words that are descriptive or used in everyday language. It noted, however, that in this instance the comparison was of two invented words that, by themselves, had no meaning in the English language. Looking at the three components of similarity, the High Court was of the view that the marks were similar.

\textsuperscript{831} McDonald’s had unsuccessfully opposed Future Enterprises’ registration of MACTEA & Eagle Device, MACNOODLES & Eagle Device, and MACCHOCOLATE & Eagle Device. See McDonald’s Corp. v. Future Enterprises Pte Ltd, [2005] 1 SLR 177 (the “MACTEA Opposition”).

\textsuperscript{832} Act 46 of 1998, as amended. Section 8(2)(b) of the Trade Marks Act provides: “A trade mark shall not be registered if because — . . . it is similar to an earlier trade mark and is to be registered for goods and services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public.”

The High Court went on to find that the goods were similar and that there was a likelihood of consumer confusion. As a result, it dismissed the appeal against the Registrar’s decision allowing the opposition. Future Enterprises appealed the High Court’s decision before the Court of Appeal.

The Court of Appeal upheld the decision of the High Court opposing registration of the MACCOFFEE mark by Future Enterprises. It found that there was no basis for disturbing the findings of fact of the Principal Assistant Registrar or the trial judge on similarity of marks and likelihood of confusion, as there was no material error of principle, and accordingly it adopted their findings.

In support of the appeal, Future Enterprises had also raised the novel argument that McDonald’s was restricted from asserting its registered MCCAFE mark in opposition, invalidation, and infringement proceedings under the Trade Marks Act because of Future Enterprises’ earlier unregistered right to the MACCOFFEE trade mark. Future Enterprises argued that, by virtue of the use of the MACCOFFEE trade mark in Singapore, it had acquired an earlier unregistered right.

The Court of Appeal rejected Future Enterprises’ argument on the basis that there was insufficient evidence of use of the MACCOFFEE mark in Singapore to entitle it to enjoy the protection of an earlier unregistered right. Further, the Court of Appeal held that the provisions in the Trade Marks Act could not be construed as creating a “defence” for unregistered marks on the basis of prior use in opposition proceedings initiated by proprietors of registered marks, as doing so would undermine the rights conferred by registration. This would be detrimental to conceptual clarity and militate against the statutory objective of transparency and certainty sought to be achieved by a register of trade marks.

This case is instructive because it provides a contrast in the application of Section 8(2)(b) when compared to the previous opposition proceedings between the same parties in relation to other MC- and MAC- prefixed marks. It reinforces the fact that a separate comparison of related but different marks may lead a court to different findings.

834. Although Future Enterprises had originally applied for the mark MCCOFFEE in relation to a wide range of goods in Class 30, during the course of the opposition proceedings the goods were restricted to “instant coffee mix” only. McDonald’s MCCAFE mark was registered in Class 30 in respect of, inter alia, “coffee, coffee substitutes.”


III.F.1. Non-Use

The decision in Richemont International SA v. Da Vinci Collections Pte Ltd marked the first time that the High Court considered in detail the meaning of genuine use of a mark for the purposes of revocation under Section 22(1)(a) of the Trade Marks Act.

Richemont, the plaintiff, was the registered proprietor of many trade marks, including IWC, and in particular was the registered proprietor of the trade mark DA VINCI in block letters. Da Vinci Collections was sued for infringement of the DA VINCI trade mark. It counterclaimed for revocation of the plaintiff’s trade mark under Section 22(1)(a), on the ground that within the five-year period following completion of the registration procedure, the mark had not been put to genuine use by the plaintiff in the course of trade.

The defendant argued that the trade mark DA VINCI had not been used in the form in which it was registered because it was used in conjunction only with the trade mark IWC. Specifically, the DA VINCI mark appeared on the back of the plaintiff’s watches, while the IWC mark appeared on the face. The High Court, in rejecting the defendant’s contention, confirmed that “it is well-established in trade mark law that a product can have more than one trade mark. Thus, secondary or even third-level product identifiers can function as trade marks if they indicate to the consumer that the product originates from a particular undertaking.”

The defendant further argued that the plaintiff’s use of the DA VINCI trade mark in cursive form could not constitute use of the mark within the meaning of Section 22. The High Court clarified that while use of a registered trade mark consisting of words in a stylized form was not likely to embrace use of the mark in block capitals, by contrast, where a word mark as registered was in plain capitals, use of the mark would include use in any other form of script. In this case, therefore, use of the trade mark in cursive form could constitute use of the mark in block capitals.

Da Vinci Collections also argued that the trade mark had not been put to genuine use because it had been used to designate a particular line or family of watches rather than as an indicator of origin, and that it was therefore devoid of distinctive character. The High Court found that the trade mark was distinctive and its


838. Section 22(1)(a) of the Trade Marks Act provides: “The registration of a trade mark may be revoked on any of the following grounds: ... that, within the period of 5 years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use.”
mere use to differentiate one line of the plaintiff's products from another did not detract from the fact that the mark also distinguished the plaintiff's goods from those of its competitors.

This decision is significant because it sets out, for the first time, some of the basic principles of what constitutes use of a trade mark under Singapore law.

SOUTH KOREA

I.E. Bad Faith

In February 2007, the Korean Patent Court rendered a decision on the issue of whether a registered mark that was alleged to have been registered with different designated goods in order to take a free ride on the reputation of another identical or similar registered mark could be invalidated under Article 7(1)(iv) of the Korean Trademark Act, which prohibits registration of marks that are contrary to public order or morality.

Lock & Lock Company brought an invalidation action before the Korean Intellectual Property Tribunal against the trademark LOCK & LOCK (the “Subject Mark”) (below, illustration at left), covering, among other goods, rubber gloves for kitchen use, under Article 7(1)(xi) of the Trademark Act, which prohibits the registration of marks that are liable to mislead or deceive consumers as to the quality of the covered goods. The plaintiff argued that (1) the Subject Mark was identical or at least similar to its prior-registered trademark LOCK & LOCK (the “Cited Mark”) (below, illustration at right), having designated goods of airtight containers; (2) at the time the Subject Mark was registered, consumers already associated the Cited Mark with Lock & Lock Company as a particular source of the designated goods; and (3) the sales channels and consumers for the goods covered by the marks at issue were similar. In response to the foregoing arguments, the defendant asserted that (1) the goods covered by the marks were in different Korean subclasses and (2) the Cited Mark lacked sufficient distinctiveness and well-known status.

839. Act No. 71, November 28, 1949, as amended.
842. Although the Korean Trademark Office adopted the Nice Classification System, it retained its own subclass system to further distinguish goods.
The Intellectual Property Tribunal held that Article 7(1)(xi) of the Trademark Act did not require that the Cited Mark have any distinguishable well-known status; rather, it required only that the Cited Mark could be recognized or perceived by consumers as referring to a particular source of goods. The Tribunal agreed that this was the case, and additionally held that the marks were similar. Accordingly, it ruled that the Subject Mark be invalidated under Article 7(1)(xi). The defendant appealed.

On appeal, the Korean Patent Court not only confirmed the Intellectual Property Tribunal’s basic holding but, indeed, voiced even stronger support for the plaintiff’s claims by recognizing the higher level—that is, the distinguishable well-known status—of the Cited Mark. The Court ruled that the Subject Mark should be invalidated under Article 7(1)(iv) of the Trademark Act, because the defendant had registered the mark to benefit from the reputation of the plaintiff’s well-known mark and, thus, the registration of the Subject Mark was contrary to public order or morality. Subsequently, the Korean Supreme Court affirmed the Patent Court’s ruling by denying the appellant a detailed review of this matter.

The Korean Patent Court’s decision is important because the issue of whether Article 7(1)(iv) can be employed to invalidate a mark that is alleged to have been registered with different designated goods for the purpose of taking a free ride at the expense of another identical or similar registered mark was treated somewhat differently in the decisions of the Intellectual Property Tribunal, the Patent Court, and the Supreme Court. In other words, how each body treated the issue depended on the well-known status level it accorded the Cited Mark.

The amended version of Article 7 of the Korean Trademark Act became effective as of July 1, 2007. Specifically, Article 7(1)(iv) was amended to limit the application of that provision by prohibiting the registration of any mark, or any goods bearing that mark, that are contrary to public order or morality. Therefore, to bring an invalidation action against any mark on the ground that

843. 2005 dang 3034 (Korean Industrial Property Tribunal, August 29, 2006).
it was registered in an attempt to benefit from the reputation of a well-known mark, Article 7(1)(xii)\textsuperscript{845} should be employed, because the amended Trademark Act lowered the standard for a well-known mark by eliminating from Article 7(1)(xii) the word “easily” from the phrase “easily recognized by consumers . . . as a particular source of goods.”

This is likely to be the last decision on the interpretation of Article 7(1)(iv) of the Korean Trademark Act unless there are similar matters pending before the Intellectual Property Tribunal.

SWITZERLAND

I.B.2. Merely Descriptive

The Federal Commission of Appeals held that the word mark GREEN LABEL for whisky was not registrable. The Commission confirmed the Federal Trademark Institute’s earlier rejection of the mark. In its German translation (grün = green), the mark clearly referred to ecological products: in German-speaking Europe, the ecological movement is called die Grünen (“the Greens”). The Commission noted that in the German language the term GREEN (grün) indicated that the product had been produced in accordance with ecological standards. Thus, it was part of the public domain and could be directly understood by every consumer. Even more important, the term had to be kept free for all competitors. For these reasons, the application for registration was rejected.\textsuperscript{846}


The Federal Trademark Institute rejected a trademark application (based on the extension to Switzerland of an International Registration) for the word mark ALPENDORF (“alpine village”), for various foodstuffs in Class 29. It held that ALPENDORF was a geographical indication and therefore had to be kept free for all competitors. Moreover, the Institute held, the term was non-distinctive.

\textsuperscript{845} Article 7(1)(xii) provides: “. . .[T]rademark registration may not be obtained in the following cases: . . . trademarks which are identical or similar to a trademark recognized by consumers in or outside of the Republic of Korea as a particular source of goods, and which are used for the unjust purpose of obtaining unjust profits or inflicting harm on the other party. . . .”

\textsuperscript{846} Federal Commission of Appeals, decision of May 16, 2006, sic! 11/2006, 752, GREEN LABEL.
The Federal Commission of Appeals reversed the Institute's decision.847 According to the Commission, the term ALPENDORF was not specific enough to be rejected. It simply led to the allusion of the average consumer of an alpine village. The Commission observed that an alpine village cannot create a specific geographical indication, because there are a great number of alpine villages in different countries, not just in Europe but also in Australia, Japan, and New Zealand, and even on the moon. The Commission held, further, that the term ALTENDORF was not to be kept free for use by competitors, because it was not important for designating foodstuffs in Class 29.

In practice, the Institute so far appears not to be willing to accept this decision for similar new applications.

I.C. Distinctiveness

The Federal Commission of Appeals confirmed the Federal Trademark Institute's decision rejecting the application for registration of the word mark ROYAL.848 It held that the term ROYAL was, at least for the French- and English-speaking consumer, a clear claim of generally high quality. As such, it was not distinctive and could not enjoy trademark protection. The fact that ROYAL had further meanings did not affect the Commission's opinion.

The goods for which the applied-for mark claimed protection were not published, but they were not relevant for purposes of the Commission's decision.

I.D.1. Similarity of Marks

According to the Federal Commission of Appeals, the word mark SPEEDMASTER was confusingly similar to the word and device mark SPEEDCHAMP (see below).849

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Both marks claimed protection for watches and related goods in Class 14. The earlier-registered trademark SPEEDMASTER enjoyed an above-average notoriety in Switzerland. According to the Federal Commission, the two trademarks were very similar in phonetics and claimed protection for the same goods. The element SPEED, as such, was not directly descriptive for watches and therefore had a normal scope of protection. As a consequence, the registration of the younger mark created a danger of confusion.

The owner of the registrations for the word marks RED LABEL, RED CODE, and RED RACING, for smoking goods and articles in Class 34, had successfully opposed the registration of the word mark RED M 150 for the same products. On appeal, the owner was successful. The Federal Commission of Appeals confirmed that RED was the common element in the marks at issue; however, it was not characteristic enough to create a danger of confusion. For smoking goods and articles (in particular, cigarettes), the color red is quite often used to describe a specific product (MARLBORO RED, DUNHILL RED, etc.); therefore, it has only a very limited scope of protection. Where trademarks are similar only with respect to such a limited element but are clearly different in the other elements, there is no danger of confusion.

The owner of the well-known Swiss trademarks MCDONALD'S and FISH MAC (in Classes 42 and 30) filed an opposition against the Swiss trademark registration for MCLAKE (for fish in Class 30). The opposition was granted, and the owner of the trademark MCLAKE appealed.

The Federal Commission of Appeals denied a danger of confusion in both cases. In the matter of MCDONALD'S vs. MCLAKE, it held that the prefix MC was very common and was often used by various enterprises in Switzerland. That element, in itself, did not create an association with McDonald's. Therefore, the notoriety of the MCDONALD'S trademark notwithstanding, there was not even an indirect danger of confusion.

In the matter of FISH MAC vs. MCLAKE, the Commission accepted that phonetically the marks were similar. Nevertheless, the overall impression conveyed by the new mark MCLAKE was sufficiently different from that of the trademark FISH MAC. In addition, here too there was not even an indirect danger of confusion.


The Federal Commission of Appeals ruled that the word marks PFLEGER and CP CAREN PFLEGER were confusingly similar. The owner of the trademark PFLEGER, for goods in Classes 3 and 5, had opposed the registration of the mark CP CAREN PFLEGER, for similar and identical goods. The opposition was granted.

On appeal, the Commission confirmed the opposition decision. The element PFLEGER was a characteristic element in the older mark, and copying that element into a younger mark created at least an indirect danger of confusion. The fact that the applicant for CP CAREN PFLEGER used its corporate and family name PFLEGER was no justification for registration.

The owner of the word and device mark SEVEN filed an opposition against the younger word mark SEVENONE INTERMEDIA. The marks claimed protection for similar or identical goods in a wide range of classes. The marks were held to be confusingly similar, and the owner of the mark SEVENONE INTERMEDIA filed appeal. The appellant argued that the element SEVEN was weak or even descriptive, and therefore was not relevant for a danger of confusion.

According to the Federal Commission of Appeals, the word SEVEN had a normal scope of protection. Therefore, it was a characteristic in both trademarks, and this created a danger of confusion. Contrary to the appellant’s allegations, the first word in the mark SEVENONE INTERMEDIA was not to be read as 71, and the word SEVEN did not monopolize the number 7.

The Federal Commission of Appeals held that the word and device mark BUDMEN (below, illustration at left) was sufficiently similar to Nike’s device mark (below, illustration at right) to pose a risk of consumer confusion. The Commission determined that in order to assess the first and general impression conveyed by the marks at issue, the graphic elements had to be compared. It was not correct to analyze details of the graphic representation; instead, the overall first impression was decisive. The Commission concluded that the two graphic elements were close enough to create a similarity, and therefore there was a danger of confusion.

The Commission explicitly stated that the special status of Nike’s mark for the claimed goods in Classes 18 and 25 was relevant. The mark enjoys a high scope of protection because it is very well known for goods in those classes. For this reason, adding the small word element BUDMEN did not offset the danger of confusion.

In a preliminary procedural decision, the Federal Supreme Court held that the product get-up for KIT KAT POP CHOC snacks (below, illustration at left) was confusingly similar to the MALTESERS product’s get-up (below, illustration at right).\textsuperscript{855} The claimant owns and uses the trademarks MALTESERS & Device, which display the word MALTESERS and the product (chocolate balls on a red background). The defendant sells very similar goods in a similar product get-up, but with the big and clear print of KIT KAT as the dominant word element in its trademark.

Previously, the Court usually had held that clearly different trademarks overrode similar product get-ups and eliminated any danger of confusion. In this decision, the Supreme Court confirmed that the word element does not necessarily have the strongest influence on the overall impression made by compound marks; if the graphic elements are strong enough and similar enough, they can create a danger of confusion even if the word elements are clearly different.

\textsuperscript{855} Federal Supreme Court, decision of December 21, 2006, sic! 5/2007, 374.
II.C.1.d. Geographical Names

The Federal Commission of Appeals ruled that the word and device mark OFF BROADWAY SHOE WAREHOUSE could be registered for goods in Classes 18 and 25.\(^{856}\) The Trademark Office had rejected the application based on the notoriety of the term BROADWAY for an entertainment district in New York City.

The Commission rejected this argument. While the trademark OFF BROADWAY SHOE WAREHOUSE might allude to special characteristics of the goods in question (insider’s tip, no mass production), it was not directly descriptive. Rather, the Commission held, the mark had a symbolic value, which delocalized the geographical indication. For this reason the mark could be registered without any restriction regarding the geographical origin of the applied-for goods.

The trademark application for FISCHMANUFAKTUR DEUTSCHE SEE ("FISH FACTORY GERMAN SEA") (see below), for fish products in Class 29, did not include the specification "of German origin." Accordingly, the Federal Trademark Institute allowed registration for all Class 29 products that were not of German origin.

The Federal Commission of Appeals overturned the Institute’s decision and admitted the mark in Class 29 for all goods being frozen, marinated, or packed in gel by a German fish manufactory. The Federal Department of Justice and Police appealed against this decision, and as a consequence the Federal Supreme Court had to decide the case.

The Supreme Court ruled that in cases of geographical indications all details of the trademark and the overall appearance are relevant. In particular, origin and place of manufacturing can be different and, depending on the goods in question, one or the other may be more relevant. For fish and fish products, the origin of the fish is more relevant than the place where it is processed. For this reason the Court ruled that the mark was deceptive for

any goods containing fish that did not come from the German sea.\textsuperscript{857} With this decision the highest court in trademark matters put an end to the rather liberal practice, developed by the Commission, with regard to trademarks containing geographical indications. The Supreme Court supported the strict practice adopted by the Institute, which may become standard in new examination cases.

In a decision similar to OFF BROADWAY SHOE WAREHOUSE, the mark BRITISH AMERICAN TOBACCO SWITZERLAND (see below) was accepted for registration by the Federal Commission of Appeals.\textsuperscript{858} According to the Commission (and in contrast to the Federal Trademark Institute’s earlier rejection of the mark), the term SWITZERLAND did not indicate goods of Swiss origin. It made reference only to a Swiss branch of the company British American Tobacco, and as such had no direct geographical indication.

The Federal Commission of Appeals held that the word and device mark COLORADO (see below), for bags and luggage in Class 18 and various goods in Class 25, was not deceptive for goods not of U.S. origin.\textsuperscript{859} The Commission distinguished between geographical indications, which have a certain reputation with respect to specific goods, and geographical names, which do not have such a connection in the consumer’s mind. This ruling was the result of a long series of decisions by the Commission overturning a stricter practice of the Federal Trademark Institute.

\textsuperscript{857} Federal Supreme Court, decision of May 18, 2006, sic! 10/2006, 677, FISCHMANUFAKTUR DEUTSCHE SEE.

\textsuperscript{858} Federal Commission of Appeals, decision of May 19, 2006, sic! 11/2006, 771 BRITISH AMERICAN TOBACCO SWITZERLAND.

\textsuperscript{859} Federal Commission of Appeals, decision of May 5, 2006, sic! 3/2007, 199 (COLORADO (fig.)).
The Federal Supreme Court reversed the Commission’s decision. The Court ruled that the element COLORADO was deceptive for any goods that were not of American origin, no matter what kind of goods were concerned. It held that the average Swiss consumer associated the term COLORADO with the state of Colorado in the United States. The graphic element of a mountain range added to that impression. According to the Court, any indication of a geographic origin, be it direct or indirect, is sufficient to create an association with that place; therefore, the mark is deceptive unless the goods come from that origin or country.

With this decision, the Supreme Court put an abrupt end to a steady practice by which the Commission tried to soften the grounds for rejection because of geographical indication.

The Federal Supreme Court ruled that the word mark CHAMP could not be registered. With this decision the Court confirmed the Federal Trademark Institute’s original rejection of the trademark, applied for to cover beer (Class 32) and other alcoholic beverages (Class 33).

Under the treaty between France and Switzerland regarding protection of geographical indications, especially Article 5 of the amending protocol, the designation Champagne enjoys absolute protection for all kinds of goods. According to the treaty, this protection is extended to marks that are similar to the protected geographical indication Champagne. According to the Court, the applied-for mark CHAMP was similar to Champagne and for this reason could not be protected for any goods. The fact that champ (“field”) was a French dictionary word did not change the Court’s assessment. The Court rejected the applicant’s claim that the registration of the mark CHAMP in France, the country that claimed protection for the geographical indication Champagne, did not change the situation, and that the facts and legal issues had to be decided according to the Swiss situation and standards.
This case further confirms that the Supreme Court has adopted a very strict line with regard to the protection of geographical indications, whether or not they are Swiss or foreign.

**II.C.1.g. Two- and Three-Dimensional Marks**

The Federal Trademark Institute rejected the application for the extension to Switzerland of the International Registration for a three-dimensional trademark for alcoholic beverages in Class 33 (see below). The mark consisted of an illustration of a glass bottle having a square bottom, with the letter B and crests molded into the bottle. According to the Institute, this was not sufficient to overcome the mark’s generic and non-distinctive characteristics. The Federal Commission of Appeals overruled the Institute’s decision and allowed registration.862

According to the Commission, the mark had sufficient distinctive elements to be distinctive in the overall impression. Two specific arguments supported this decision. First of all, the Commission was allowed to consult the original national German registration, with its clear picture of the bottle device. This German trademark was the basis for the International Registration. Further, the Commission looked at two similar bottle trademarks that had earlier been admitted in Switzerland, though they had even fewer distinctive elements. Accordingly, the Commission held that the applicant was entitled to the application by the tribunal of the same standard and practices.

A three-dimensional device (see below) was held to be distinctive for jewelry, key rings, and similar goods in Class 14. The Federal Commission of Appeals overruled the Federal Trademark Institute’s first instance rejection of the mark, which was based on lack of distinctiveness. The Commission looked at all the elements of the device and came to the conclusion that taken

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individually they might well be generic or in the public domain. However, the combination differed substantially from the expected forms, and for such reason the mark was registrable.863

In an opposition matter involving two word and device marks with the element OKAY, the owner of the younger mark, for Class 9 and Class 16 goods with adult content, alleged non-use of the opposing older mark, which was registered for printed matter in Class 16 and videotapes and similar goods in Class 9.864 The opponent showed the use of one issue (the first) of a soccer magazine. There were no further issues after the initial number of May 2, 2004, only 800 copies of which were delivered.

According to the Federal Commission of Appeals, validating use must be judged in relation to the claimed goods. Periodicals such as soccer magazines must have a certain regularity in their publication. Putting a first issue on the market and then publishing nothing else in the following one and a half years was not sufficient to prove use.

In its decision in REBALANCE vs. BALANCE, the Federal Commission of Appeals ruled on non-sufficient use in an opposition procedure.865 The owner of the trademark REBALANCE, for pharmaceuticals, originally filed one single sample of packaging and an internal sales statistic to show prima facie evidence of use. This was held not to be sufficient evidence. Later, however, the owner filed dated photographic overviews of packagings, original packagings, price lists, advertising material, copies of invoices, and listings in pharmaceutical compendiums. These were sufficient to show use.

Use was shown for herbal drugs only. However, under the Swiss Trademark Law this validated the trademark for the claimed heading “pharmaceutical preparations.”

SYRIA

I.D.1. Similarity of Marks

SmithKline Beecham SWG Ltd. (SmithKline), a British firm, is the owner of the famous trademark PANADOL, registered since 1983 with the Directorate of Commercial and Industrial Property Protection and covering various products in Class 5.\footnote{Registration No. 7904.}

On January 14, 2003, SmithKline brought an action against a Syrian individual, Tarek Affash, who had registered the trademark EXTRA-PANADOL,\footnote{Registration No. 72260.} covering the same class of goods as Smithkline’s mark. The plaintiff asserted that the defendant’s trademark was substantially identical to its trademark and trade name, and that such imitation would cause deception and confusion of consumers. It asked the court to have the defendant’s trademark put on hold at the Directorate of Commercial and Industrial Property Protection, to impose precautionary confiscation of the defendant’s assets, to cancel the defendant’s trademark registration, to order the defendant to pay the plaintiff compensation, and to confirm the precautionary confiscation.

The defendant denied all accusations and facts. He argued that the court lacked jurisdiction in this case, claiming that the matter was within the competence of the administrative court, and consequently demanded that the court reject the lawsuit. Mr. Affash contended that there was no resemblance between the marks that would confuse the consumer.

In response, the plaintiff provided copies of judgments confirming the competence of the civil court in actions for cancelling a trademark because of similarity. It also furnished legalized original copies attached to a sworn, translated certificate of registration in the commercial register. SmithKline rejected the defendant’s assertion regarding lack of jurisdiction.

Decree-Law No. 47 of 1946 confirms the competence of the civil courts of first instance regarding trademark cancellation actions. With regard to the issue of similarity, the court held that the expert testimony proved that the defendant’s trademark was confusingly similar to the plaintiff’s trademark and that it was likely to expose the average intelligent consumer to fraud and deception.
The court ruled for the plaintiff on the ground that, based on the evidence, it was the first to register its trademark. The defendant could not prove earlier use of its nearly identical mark.

In accordance with Articles 81 and 200–209 of Civil Court Procedures Law and Article 82 et seq. of Decree-Law No. 47 of 1946, the court ruled that

1. The registration of the defendant’s trademark EXTRA-PANADOL at the Directorate of Commercial and Industrial Property be cancelled for imitating the plaintiff’s trademark PANADOL;

2. The cancellation judgment be considered as compensation for the plaintiff for the damages incurred; and

3. The defendant be ordered to pay duties, expenses, and fees.868

III.A.3.b. Criminal Actions

NSK Ltd Co., a Japanese company, is the owner of the trademark NSK, registered at the Syrian PTO.869 On December 27, 2006, NSK filed an action against Salim Tepsi, a Syrian individual, for counterfeiting and trademark infringement. The plaintiff contended that the defendant had imported from China counterfeit metallic rolls that he claimed were made in Japan.

NSK’s complaint was submitted to the Syrian PTO, which organized the seizure of the suspected goods.870 At the defendant’s shop the authorities seized a quantity of metallic rolls bearing the plaintiff’s trademark, thus apparently indicating that they were made in Japan. The rolls were held in trust in the possession of the defendant.

At trial, the defendant denied the counterfeiting claim. Mr. Tepsi asserted that he had bought the goods from a person in Lattakia city named Ali Alhassan, and did not know they were counterfeit. He presumed that they had been made in Japan.

A court-appointed expert, Mr. Faiz Al Najjar, conducted tests on the rolls. His findings, submitted in his report on May 24, 2007, were that (1) the name of the defendant’s product was the same as that of the claimant’s product, and there was no possibility of differentiating between them; (2) the defendant’s price was 50 percent less than that of the original product; (3) the similarity between the defendant’s product and the claimant’s product was almost complete, the only difference being their metallic

868. SmithKline Beecham SWG Ltd. v. Tarek Affash, Judgment No. 392 (1st Civil Court of First Instance, Damascus, September 17, 2006).
composition; and (4) the source of the defendant’s rolls was mainly China. The Court ruled, on the basis of this evidence, that the metallic rolls sold by Salim Tepsi were identical to those owned by NSK Ltd. Co. It held that consumers would not be able to differentiate between them and that they may have bought the counterfeit product in the mistaken belief that it was made by the claimant.

The defendant’s act constituted the crime of offering for sale counterfeit products, which required punishment under Articles 687 and 688 of the Public Penal Act and seizure of the counterfeit goods in favor of the public treasury. The claimant made the claim personally; therefore, according to Articles 197 and 202 of the Basic Penal Act (Articles 687 and 688 of the Public Penal Act), the Court imposed the following punishment:

1. Imprisonment of the defendant for three months at hard labor for the crime of offering for sale a counterfeited product;
2. Seizure of the counterfeit goods and their delivery to the defendant as trustee;
3. Reimbursement of the claimant for the deposit paid in making its personal claim; and
4. Payment by the defendant of duties and expenses.871

TAIWAN

I.F. Famous and Well-Known Marks

Porter International Co., Ltd. (Porter) applied to register the trademark LUGGAGE LABEL & Device, to cover ties, scarves, etc., in Class 25. The Japanese company Yoshida & Co., Ltd. (Yoshida) brought an opposition action against the applied-for mark, based on its famous trademark LUGGAGE LABEL, pursuant to Article 37 of the pre-amended Trademark Act.872 The opposition was upheld by the Intellectual Property Office and the two appeal tribunals thereafter.

Porter appealed to the Supreme Administrative Court against the decisions, on the ground that Yoshida’s LUGGAGE LABEL

872. Trademark Act of October 19, 1940 (last amended May 28, 2003). Article 37, paragraph 7 of the pre-amendment Trademark Act provided: “No application may be filed for registration of a trademark design which is . . . Identical or similar to another person’s famous mark, thus causing the public to confuse or misidentify it; provided, however, that this provision shall not apply if the trademark application is filed with the consent of the owner or of the licensee of the said famous mark. . . .”
mark was not well known to general consumers in Taiwan because Yoshida’s trademarked products had never been sold there. While acknowledging that there were no direct sales of Yoshida’s trademarked products in Taiwan, the Court nevertheless recognized the fame of the LUGGAGE LABEL mark, as established by the proof submitted by Yoshida that attested to the use of the mark in Japan. These included registration of the mark in Japan since 1984, advertisements in Japanese newspapers and magazines, and Yoshida’s sales outlets in Japan and Hong Kong.

Quoting Interpretation No. 104 issued by the Judicial Yuan and Article 7 of the Criteria on Recognition of Well-Known Marks, the Court stressed that documents attesting to the fame of a trademark are not limited to those originating inside the country as long as they are known to the relevant enterprises and consumers in Taiwan. Given the close trading and tourism relationship among Taiwan, Hong Kong, and Japan and the fact that many of the Japanese magazines advertising Yoshida’s trademarked products are available in Taiwan, the Court held that Yoshida’s LUGGAGE LABEL mark would have been well known to local consumers before Porter applied to register the trademark at issue. The popularity of Japanese culture among Taiwanese young adults, who are targeted consumers of Yoshida’s trademarked products, may further evidence the most likely extension of the fame of Yoshida’s mark to Taiwan. The Court also noticed, from the advertisements placed by Porter for products bearing its mark, that there was an obvious intent to mislead consumers by taking advantage of the repute of Yoshida’s mark.

Given the fame of Yoshida’s trademark LUGGAGE LABEL with respect to handbags, purses, and backpacks, which are closely related to the goods to be covered by Porter’s mark, and the bad faith of Porter in applying to register its mark, the Court affirmed the earlier decisions and dismissed the appeal.

III.A.3.b. Criminal Actions

The defendant, the operator of Ninja TV Game Machine Store in Tainan, was accused of selling unauthorized copies of copyrighted works, viz., game software of, \textit{inter alia}, Nintendo and Sony. He was found guilty by the Tainan District Court of violating the Copyright Act and the Trademark Act. On appeal, the Tainan Branch of the Taiwan High Court revoked the first

873. Interpretation No. 104 (Judicial Yuan, March 11, 1964) provides: “A well-known mark must be known in Taiwan (ROC).”

Article 7 of the Criteria on Recognition of Well-Known Marks (Ministry of Economic Affairs, last amended May 1, 2004) provides: “The marks to be recognized as well-known are not limited to those registered, applied for registration or used in Taiwan (ROC).”

874. 96-Pan-1247 (Supreme Administrative Court, July 19, 2007).
instance judgment, finding that the defendant violated the Copyright Act only.\textsuperscript{875} The High Court Prosecutor’s Office appealed to the Supreme Court against the High Court’s judgment.

Under the Trademark Act, whether before or after the 2003 amendment,\textsuperscript{876} the use of a trademark on products of the physical embodiment of or in the form of computer software falls under the definition of trademark use. That is, a computer program, whether operated by computer, disc player, or game machine, that shows a trademark logo on the screen of a TV or a monitor is one of the “other similar articles” on which a trademark may be used, as defined by the Trademark Act.

Based on that interpretation of the law, the Supreme Court held that the unauthorized copies of copyrighted game discs and cassettes seized in the defendant’s store were not only pirated copyrighted works but also counterfeit products that infringed the trademark rights of the rightful owners. The Supreme Court overruled the High Court’s holding that the display of a trademark logo during the operation of pirated game software was the natural result and part of illegal copying of the software and should not be viewed as an independent action punishable under the Trademark Act.

Accordingly, the Supreme Court found the defendant guilty of selling unauthorized copyrighted works as well as counterfeit trademarked products, which is punishable under both the Copyright Act and the Trademark Act. The Supreme Court revoked the High Court’s decision and remanded the case for retrial.\textsuperscript{877}

\textbf{III.A.4. Unfair Use}

The defendants, Good Cooperate Industry Co., Ltd. and Good Crown Trading Co., Ltd. (together, the “Companies”), imported

\textsuperscript{875} 94-TsonSunGen-3 Chi-665 (Tainan Branch, Taiwan High Court, May 3, 2006).
\textsuperscript{876} Article 6 of the pre-amendment Trademark Act provided:

The use of a trademark referred to in this Law shall denote the use of a trademark on goods or the packaging, container, label, instruction literature, price list or other similar articles of such goods and possession, display or dissemination of the aforementioned goods or articles for marketing purpose.

The use of a trademark in a television or other broadcast commercial, or in a newspaper or magazine advertisement, or in participation of an exhibition for the promotion of the sale of the goods shall be deemed as use.

Article 6 of the amended Trademark Act provides:

The term, use of trademark, as referred to in this Act connotes the utilization for marketing purpose of trademark on goods, services or relevant articles thereof, or the utilization through means of two-dimensional graphic, audio and visual digitization, electronic media, or other mediums to sufficiently make relevant consumers recognize it as a trademark.

\textsuperscript{877} 95-TaiSun-4259 (Supreme Court, August 3, 2006).
from ADR Group of Indonesia automobile oil filters bearing the trademarks MAZDA, NISSAN, and TOYOTA and sold the same to car parts wholesalers and automotive repair shops.

Based on complaints filed by the relevant trademark owners of Japan, the Prosecutor of the ShihLin District Court indicted the defendant, who was found guilty of trademark infringement by the ShihLin District Court. The defendant appealed to the Taiwan High Court against the decision.

The ground for the defendant’s appeal was that the use of the MAZDA, NISSAN, and TOYOTA trademarks on the imported oil filters was a fair use under the Trademark Act, because wherever those marks were used they were always preceded by the description “Interchangeable with” or “For use with.” The defendant further argued lack of likelihood of confusion, because the seized products were also labeled with the ADR Group’s trademark SAKURA and the packaging thereof was entirely different from that of the genuine products.

The High Court rejected the fair use defense. It found that the MAZDA, NISSAN, and TOYOTA trademarks on the filters were depicted in larger and more conspicuous letters than the description and the SAKURA trademark. Consequently, there was a likelihood of confusion as to the source of the products.

Besides revoking the original decision and remanding the case to the ShihLin District Court for reexamination of certain issues that were not properly ruled upon, the Taiwan High Court affirmed that the defendant was guilty of repeated trademark infringement.

878. 93-Yi-503 (ShihLin District Court, June 9, 2006).
879. Article 30 of the amended Trademark Act provides:

Any of the following conditions shall be free from the capacity of trademark rights of a person:

1. One who, through means of bona fide and fair use, expresses the same one’s name, title, or the name, shape, quality, function, place of origin, or other description with respect to the goods or services provided by the same one for non-trademark purposes.

2. Where a three-dimensional shape of the goods or the packaging thereof is indispensable for performing its intended function(s).

3. Where, prior to the filing date of a registered trademark, a person has been using bona fide an identical or similar trademark designating on the identical or similar goods or services. However, the aforementioned only is applicable to those goods or services on which such trademark has already been in use; the trademark right holder of the said registered trademark may request the said person to attach appropriate and distinguishing label(s).

Where goods bearing a registered trademark are traded or circulated in the marketplace by the trademark right holder or by an authorized person, or are offered for auction or disposal by a relevant agency, the right holder shall not claim trademark rights on the said goods. However, the aforementioned shall not apply in case of preventing deterioration or damage of goods or any other fair reasons.
infringement. Accordingly, it sentenced him to ten months’ imprisonment.880

III.H.4. Evidence

Liang, Yung-Chuan International Co., Ltd. (LYC) filed a trademark application for SUPER PENGUIN & Device, for purses, handbags, etc., in Class 18 (below, illustration at left). Toyo Boseki Kabushiki Kaisha (Toyo), a Japanese company, brought an opposition action against the applied-for mark based on its famous Penguin device trademark (below, illustration at right). The opposition was upheld by the Intellectual Property Office and the two appeal tribunals thereafter. LYC appealed to the Supreme Administrative Court against the decisions.

In addition to denying the fame of Toyo’s mark, LYC contended that the penguin devices were distinguishable in appearance and general consumers would not be led into the mistaken belief that their respective products came from the same source. LYC submitted two market survey reports to support its argument.

While recognizing the significance of market surveys in gauging consumer perception, the Court noted that their effectiveness depended on, among other things, the credibility of the market survey company, the methods (e.g., geographical areas, period, objects, sampling), the content of questionnaires, objectivity in correlating the results and the conclusion. The Court questioned the credibility of LYC’s first survey report, because the questionnaire used in the survey was designed and prepared by LYC itself and the method of doing the survey, choosing the objects, and sampling them was not revealed. The second survey report was ruled inadmissible because it was submitted during the appeal trial as new evidence, and such evidence cannot be considered by the appellate court.

Accordingly, the Court affirmed the decisions cancelling LYC’s mark and dismissed the appeal.881

880. 95-SunYi-1805 (Taiwan High Court, May 10, 2007).
881. 96-Pan-1118 (Supreme Administrative Court, June 28, 2007).
The Netherlands corporation Kiwi European Holdings B.V. (Kiwi Europe) was the proprietor of 11 registered trademarks, all featuring the word KIWI and/or the device of a kiwi, that covered a variety of goods, including polishes for footwear and similar products. The Tanzanian company Sajjad Ali Limited (Sajjad) was found to be importing and marketing shoe polish, not originating from Kiwi Europe or its licensees, in tins featuring both the word KIWI and a kiwi device. The appearance of these goods resembled closely the word and device in Kiwi Europe’s trademarks and on the corporation’s genuine products.

Kiwi Europe commenced proceedings in the High Court for trademark infringement and passing off. In its defense, Sajjad argued, among other things, that no instances of confusion had occurred.

The evidence presented at trial did not include any instances of confusion. One witness attested to purchasing a tin of the allegedly offending shoe polish at Sajjad’s shop; another, a revenue officer, testified that he had detained and examined a container of goods imported by Sajjad, which had been found to contain such tins. The witnesses did not say they were confused. They produced the tins and pointed out to the Court the similarities, which Kiwi Europe claimed to be infringing, and the differences, which showed that the goods were not from Kiwi Europe.

The High Court did not accept Sajjad’s defense. It accepted the 1964 decision of the High Court of Uganda in Aktiebolaget Jonkoping Vulcan Indstrickfabriksaktiebolag v. East Africa Match Company Limited as a statement of the principle, applicable also in Tanzania, that (1) the burden of proof is on the plaintiff to prove that there is a resemblance between the marks and that such resemblance is deceptive and (2) the question of deceptive resemblance is one for the judge to decide, based on the evidence adduced.

At the time the Uganda case was decided, the relevant laws of Uganda and mainland Tanzania were similar, both being based on the laws of the United Kingdom of 1938. There have been changes,
meanwhile, in Tanzania,\textsuperscript{886} but they are not such as to displace the principle stated above.

\textbf{III.D.4. Absence of Willful Intent}

Kiwi European Holdings B.V. (Kiwi Europe), a Netherlands corporation, brought an action in the High Court against Sajjad Ali Limited (Sajjad), a Tanzanian company, for infringement of Kiwi Europe’s 11 registered trademarks featuring the word KIWI and/or the device of a kiwi, as well as for passing off.\textsuperscript{887}

Sajjad pleaded in its defense that its importing of a small amount of polish, only about 600 cartons, was not motivated by any deception on its part. At trial, one witness testified that he had purchased a tin of the allegedly offending KIWI polish at Sajjad’s shop; another, a revenue officer, testified that he had detained and examined a container of goods that was imported by Sajjad and was found to contain such tins. The witnesses produced both the purchased tins and genuine KIWI tins. They pointed out to the Court the similarities, which Kiwi Europe claimed to be infringing, and the differences, which showed that Sajjad’s tins were not from Kiwi Europe.

The High Court rejected Sajjad’s defense.\textsuperscript{888} It was sufficient that Kiwi Europe’s evidence had established the fact of Sajjad’s importation and sale of KIWI polish and the deceptive resemblance between Sajjad’s polish and Kiwi Europe’s trademarks.

\textbf{THAILAND}

\textbf{I.D.1. Similarity of Marks}

The Thai Supreme (Dika) Court affirmed the Central Intellectual Property and International Trade Court’s (IP&IT Court) ruling and withdrew the decisions of the Trademark Registrar and the Board of Trademarks rejecting the trademark application for ZYSTAR filed by the plaintiff, Glaxo Group Limited (Glaxo).

In 2001, Glaxo filed with the Department of Intellectual Property (DIP) an application for registration of its ZYSTAR trademark, to cover “pharmaceutical preparations and substances for the treatment/prevention of alopecia” in Class 5.\textsuperscript{889} The Trademark Registrar rejected the application, finding that the

\textsuperscript{886.} Under the Trade and Service Marks Act, 1986.

\textsuperscript{887.} Commercial Case No. 267 of 2001.

\textsuperscript{888.} High Court, judgment of June 3, 2005 (Nsekela, J.) (unreported). \textit{See also} I.D.1. Similarity of Marks.

\textsuperscript{889.} Application No. 452594, filed May 4, 2001.
mark was confusingly similar to the prior-registered trademark ZYTAR, covering “anti-bacterial substances for veterinary use,” owned by Dimminaco AG. On Glaxo’s appeal, the Board of Trademarks confirmed the Registrar’s decision, reasoning that the appearance and pronunciation of the trademarks ZYSTAR and ZYTAR were closely similar and that registration of ZYSTAR would confuse or deceive the public as to the proprietor or the origin of the goods. Therefore, according to Section 13 of the Thai Trademark Act, the trademark ZYSTAR could not be accepted for registration.

Glaxo then filed a complaint against the DIP with the IP&IT Court. It argued that the applied-for mark ZYSTAR was not similar to the trademark ZYTAR in terms of both appearance and pronunciation, and that its registration would not confuse or deceive consumers as to the proprietor or the origin of the goods.

The IP&IT Court found in favor of the plaintiff. It overturned the decisions of the Registrar and the Board of Trademarks and ordered that the Registrar proceed with the registration of the trademark ZYSTAR by limiting the specification of goods to “pharmaceutical preparations and substances for the treatment/prevention of alopecia” in Class 5. The DIP appealed to the Dika Court.

After comparing the letters and pronunciation of the marks, the Dika Court held that the marks at issue were similar. However, it found that even though the goods to be covered by Glaxo’s mark ZYSTAR were in Class 5, similar to those covered by the prior-registered trademark ZYTAR, and that both products were drugs, the categories of the products were different: The goods to be covered by the applied-for mark were pharmaceutical preparations and substances for the treatment or prevention of alopecia (baldness), while those covered under the prior-registered trademark were antibacterial substances for veterinary use. Also, according to Glaxo’s witness testimony, the two categories of drugs are purchased from different places: drugs for humans are bought from hospitals or pharmacies and must be prescribed by physicians, whereas drugs for animals are bought from animal hospitals or animal clinics and are prescribed by veterinarians. The same witness further testified that Glaxo’s drugs were not household remedies and consumers would not be able to purchase


891. Trademark Act, B.E. 2534 (1991), as amended by Trademark Act (No. 2), B.E. 2543 (2000). Section 13 provides that “where the Registrar finds that the trademark for which an application for registration is filed . . . (1) is identical with a trademark already registered by another person; or (2) is so similar to a registered trademark of another person that the public might be confused or misled as to the owner or origin of the goods, and such application is for goods of the same class or for goods of a different class found by the Registrar to be of the same character, he shall not register such trademark.”
those specific products without a prescription or a pharmacist’s recommendation.

The Dika Court found that Glaxo’s witness was more convincing than the DIP’s witnesses, among them being the Trademark Registrar, a member of the Board of Trademarks, and a legal officer. It ruled that the applied-for mark ZYSTAR would not cause confusion among the public as to the proprietor or the origin of the goods. Glaxo’s mark was, therefore, registrable.892

III.F.7. Cancellation

In Plasco, Inc. v. Thongtrin Meethikulchanun,893 the Dika Court considered the IP&IT Court’s dismissal of the plaintiff’s complaint, which had been based on the reasoning that the complaint was filed after the expiration of the prescribed five-year period for filing a cancellation action based on “better right” grounds under Section 67 of the Thai Trademark Act.894 The Dika Court reversed the IP&IT Court’s decision on how the period was to be calculated. In addition, it insisted that when a claim was based on passing-off grounds the claimant’s mark be required to have a reputation as a well-known mark.

The first issue under consideration was whether the plaintiff filed its cancellation action against the defendant’s trademark MDI, for medical devices, within five years from the date of the Registrar’s order for registration of the mark. The defendant claimed that the plaintiff filed the complaint after the five-year period had expired. The Court was of the opinion that the written statement notifying the defendant of the Registrar’s order to register the trademark and requesting that the defendant pay the registration fee was merely a written statement of notification about the Registrar’s order. The trademark registration procedure would be complete only when the defendant paid the registration fee and the Registrar issued a trademark registration with a verifiable registration number. As the facts of the case revealed that the Registrar issued the registration number for the disputed trademark on October 17, 1996, the period for cancellation on the grounds of better right under Section 67 would expire on October 17, 2001. Therefore, because the plaintiff filed its complaint for cancellation on October 16, 2001, the Court held that the


894. Section 67 provides: “Within a period of five years from the date of the Registrar’s order for registration of a trademark in accordance with Section 40, any interested person may petition the court to cancel the registration of that particular trademark if he can prove that he has a better right to that trademark than the person registered as the proprietor…”
complaint was filed within the period provided by law. The defendant’s claim that the plaintiff’s cancellation action was filed after the five-year period had expired was, therefore, inadmissible.

The second issue was whether the plaintiff had a better right to the disputed trademark MDI than the defendant. The Court found that the defendant imported medical devices bearing the trademark MDI for distribution in Thailand. The defendant further claimed, without supporting evidence, that he had invented the term “MDI,” explaining that it stood for “Medical Disposable International.” The plaintiff countered that it was the manufacturer of the products bearing the trademark MDI and that MDI was the abbreviation for “Medical Device International,” the name of one of the plaintiff’s subsidiaries that produced MDI products. The Court found that the plaintiff’s evidence carried more weight. Accordingly, it ruled that the plaintiff had a better right to the trademark MDI.

The third issue was whether the defendant’s use of the same mark was considered to be passing off its goods as those of the plaintiff. The Court was of the opinion that “passing off” refers to one person’s selling or distributing a product by using a trademark of another person without any right or using a counterfeit trademark so as to lure the public in believing that the product belongs to the true owner of the trademark. In this case, the plaintiff could not prove that its products under the trademark MDI were well known in Thailand. Therefore, the use of the plaintiff’s trademark by the defendant in importing products from manufacturers in other countries could not be considered to be passing off. The Court ruled that the defendant’s action was not passing off its goods as those of the plaintiff and that the plaintiff did not prove that the defendant’s act caused any damages to its products under the trademark MDI. Thus, the Court was unable to set damages for the defendant to pay to the plaintiff.

TURKEY

I.D.1. Similarity of Marks

Metropolitan Coffee Company, Ltd. brought an action against the Turkish Patent Institute (the “Institute”) and Starbucks Coffee Company for the withdrawal of the Institute’s decision rejecting Metropolitan Coffee’s trademark application for FREDDOCCINO.895 Starbucks had filed an opposition against the applied-for mark based on its trademark registration for FRAPPACCINO.896

896. Registration No. 190347.
Metropolitan Coffee claimed that the essential and the distinctive parts of the opposing and opposed mark were the elements FRAPPU and FREDDO, respectively, as the last half of both marks, CINO, refers to cappuccino. It argued that the marks were not confusingly similar in their visual, phonetic, and semantic aspects.

The Institute claimed that its decision was justified and accordingly requested the rejection of the action.

Starbucks claimed that the trademarks were confusingly similar, that the main emphasis was on their first and last syllables, and that FRAPPACINO was a well-known trademark.

The Court held as follows:

1. The marks were visually and phonetically similar; and
2. The goods designated by Metropolitan Coffee’s mark FREDDOCCINO were similar and connected to those in the specification of Starbucks’ trademark FRAPPACCINO in such a way as to deceive the public, because they were intended for daily consumption and therefore the attention level of consumers would be lower than average.

Accordingly, the Court rejected the action.897

Yildiz Holding A.S. commenced an action against the Turkish Patent Institute and Gidasa Sabanci Gida Sanayi ve Ticaret A.S. for the withdrawal of the Institute’s decision to cancel the trademark PIYABEBE898 based on its similarity to the plaintiff’s prior-registered trademarks incorporating the denomination BEBE,899 namely BEBE BISKUVI, ULKER SUTLU BEBE & BABY + MOTHER LOGO, ULKER BEBE & BABY LOGO, and BEBE.

The plaintiff claimed that the denomination BEBE was a distinctive word that it had used as a trademark on baby biscuits for many years, and that on account of strong reputation of the BEBE trademark, Turkish courts had cancelled the registrations of several corporations’ marks that contained the denomination BEBE.

The defendant asserted that the denomination PIYABEBE was the combination of the words PIYALE and BEBE, that PIYALE was a well-known trademark in Turkey for food products, and that the denomination BEBE was used to indicate the destined use of the goods. Therefore, it argued, exclusive rights should not be accorded to the plaintiff for the word “bebe.”


899. Registration Nos. 85269, 138971, 183574, 2000 18067.
The Court held that the trademarks were not confusingly similar in accordance with Article 8, paragraph 1, subparagraph (b) of the Decree-Law on the Protection of Trademarks (Decree-Law No. 556),900 in view of the fact that the defendant’s trademark consisted of the original word PIYABEBE and accompanying baby logos and other graphic representations that further distinguished its mark. It further held that the word BEBE was not distinctive because it was being used in Turkish as another version of the word BABY well before its use by the plaintiff. Furthermore, no exclusive right to use a common word such as this one could be granted to the plaintiff.

Consequently, the Court rejected the action.901

Yardım Tekstil Sanayi ve Dis Ticaret Limited Sirketi brought an action against Sateksa Tekstil Urunleri Ithalat Ihracat Sanayi ve Ticaret Limited Sirketi and the Turkish Patent Institute for the withdrawal of the Institute’s decision rejecting the plaintiff’s opposition and, if the mark matured into a registration, the cancellation of the defendant’s trademark JORDAN Device & AMERICAN CASUAL WEAR902 (below, illustration at left) on the ground that it would lead to confusion with the plaintiff’s trademark BIG JORDAN & Device (below, illustration at right).903

![Defendant’s Mark](image1.png)

![Plaintiff’s Mark](image2.png)

The Court found that the device component existing in the defendant’s trademark clearly referred to the letter R, that the denomination JORDAN constituted the essential component of both trademarks, and that both marks covered identical goods in Class 25. Therefore, in accordance with Article 8, paragraph 1,

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903. Registration No. 187328.
subparagraph (b), the coexistence of the subject trademarks would create a likelihood of confusion, including the likelihood of association on the part of the public.

The Court ordered the withdrawal of the Institute’s decision and rejection of the plaintiff’s request with regard to the cancellation of the trademark JORDAN Device & AMERICAN CASUAL WEAR on the ground that the trademark had yet to mature into a registration.\textsuperscript{904}

Alpine Electronics Inc. instituted an action against Yilmaz Altiner for the cancellation of the defendant’s trademark registration for ALPIN,\textsuperscript{905} covering goods in Class 9, based on the plaintiff’s registered and well-known trademark ALPINE.\textsuperscript{906}

The defendant objected that the action was not timely brought in accordance with Article 42 of Decree-Law No. 556, which provides that a cancellation action regarding well-known trademarks as specified in Article 7, paragraph 1, subparagraph (i) must be instituted within five years from the date of registration.

The Court held that, as ownership does not exist on the date the trademark application is filed, the date of the Institute’s decision allowing the defendant’s trademark to proceed to registration should be considered in determining the beginning of the relevant five-year period.

The Court ruled that the defendant’s objection, with respect to the fact that the action was not instituted in a timely manner, should not be heard because the action was begun within five years of the finalization of the registration date. It also ruled that the omission of the letter E from the plaintiff’s trademark ALPINE by the defendant was not sufficient to avoid confusion among consumers.

As a result, the Court accepted the action and ruled that
1. The defendant’s trademark ALPIN be cancelled; and
2. The verdict be published in one of the three most circulated newspapers in Turkey.\textsuperscript{907}


\textsuperscript{905} Registration No. 2000 22457.

\textsuperscript{906} Registration Nos. 93660, 128407, 160838.

Zippo Manufacturing Company brought an action against Zipp Teknoloji Urunleri Servis Danismanlik Ticaret ve Limited Sirketi and the Turkish Patent Institute, seeking (1) the withdrawal of the Institute’s decision rejecting its opposition to the defendant’s trademark application for ZIPP and (2) the removal of Zipp from the trade name of the defendant, on the grounds that the defendant’s mark was similar to the plaintiff’s well-known ZIPPO trademarks and that Zippo was the trade name of the plaintiff.

Zippo claimed that the Institute had evaluated the opposition only on the basis of similarity and had not considered its claim that ZIPPO was a well-known mark and had been accepted as such in the Institute’s Special Bulletin for well-known trademarks. The plaintiff also claimed that Zippo is the essential part of its trade name, which, it asserted, should also be protected, according to Article 8 of the Paris Convention.

The Institute asked that the case be dismissed. Zipp Teknoloji did not attend any of the hearings and did not submit any reply to the plaintiff’s claims.

The Court held that (1) Zippo was the essential part of the plaintiff’s trade name and the plaintiff had industrial property rights in this denomination; (2) the applied-for mark ZIPP was confusingly similar to the plaintiff’s ZIPPO trademarks because they differed by only one letter; (3) the defendant could not explain the reason for filing an application for such a similar mark; (4) the ZIPPO trademarks were well known; and (5) the defendant filed the application in order to take unfair advantage of the reputation of the ZIPPO trademarks.

The Court accepted the action in part and ordered the cancellation of the Institute’s decision. However, it rejected the request for cancellation of the trademark ZIPP because the trademark application had not matured into a registration by the date of the action was filed.

Philip Morris Products S.A. instituted an action against Nameer Narsi and the Turkish Patent Institute for the withdrawal of the Institute’s decision rejecting the plaintiff’s opposition on the ground of untimely filing and for the cancellation of the defendant’s device mark VIGOR on the ground that the

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defendant’s mark would lead to confusion with the plaintiff’s mark PARLIAMENT & Device.911

The plaintiff argued that although its opposition was rejected for untimely filing after the expiration of the deadline, the actual issue date of the Bulletin wherein the defendant’s mark was published was September 8, 2003. Philip Morris claimed that it was notified of the publication of the Bulletin on September 22, 2003, and that accordingly it had filed opposition within three months of the legal deadline.

As a defendant, the Institute rejected the plaintiff’s claim, maintaining that its decision rejecting the plaintiff’s opposition was well founded and lawful.

The other defendant, Nameer Narsi, claimed that the court action was not brought in a timely fashion because the trademark application had not yet matured into a registration and that there was no similarity between the marks at issue that would lead consumers into confusion.

The Court held that the defendant’s trademark application had not matured into a registration, and that therefore the cancellation action was deemed to have been untimely filed. It also held that, according to Article 33 of Decree-Law No. 556 and Article 16 of the Regulation, the purpose of publication in the Trademark Bulletin is to notify the public of trademark applications in order to hear third-party views and oppositions. In this case, the actual issue date was the effective notification date; thus, the plaintiff’s opposition was deemed to have been timely filed.

The Court ordered the withdrawal of the Institute’s decision rejecting the plaintiff’s opposition. It rejected the plaintiff’s request for the cancellation of the defendant’s trademark on the ground that it was not registered on the date of filing of the action.912

Ciba Specialty Chemicals Inc. instituted an action against the Turkish Patent Institute for its decision to refuse the extension to Turkey of the International Registration for IRGATREAT.913 The refusal was based on the fact that Ciba’s mark was confusingly similar to the mark ORGATREAT,914 the prior-registered mark of the opponent, Organik Holding A.Ş. Ciba also requested postponement of the decision of this court action until the pending court action at the 2d Court of Ankara on Intellectual and Industrial Rights had been finalized with respect to the

911. Registration Nos. 76380, 170790, 85861, 118318.
914. Registration No. 166182.
cancellation of the prior-registered trademark ORGATREAT due to non-use.

The plaintiff asserted that it was one of the pioneering companies in the chemical industry and had registered several trademarks with the identical prefix IRGA- in combination with different suffixes; that the trademark IRGATREAT, for which registration was being sought, had been coined in the same way; that the rejection of this mark upon opposition by the defendant was not justified and contrary to the provisions of Decree-Law No. 556; that the trademark consisted of two words, namely IRGA and TREAT; that the word TREAT was specifically and extensively used on “chemicals and water chemicals” and therefore was descriptive, and that it had been registered by many firms; and that the issue of similarity should be determined by an examination of only the prefixes IRGA and ORGA.

Ciba further asserted that the word ORGA was associated with the defendant's trade name, Organik; that no goods bearing the mark ORGATREAT had been found in the market or on the Internet; that the defendant did not put its trademark to use on goods covered in Class 1; and that as it had instituted an action for the partial cancellation of the cited trademark, the refusal by the Higher Council of the Institute of its objections regarding the refusal of the trademark IRGATREAT without awaiting the decision of said cancellation action was not justified.

The plaintiff requested that the Institute’s decision refusing the trademark IRGATREAT be withdrawn and that the Higher Council hold its decision until the decision of the 2d Court of Ankara on Intellectual and Industrial Rights in regard to the partial cancellation of the prior trademark registration for ORGATREAT was finalized.

Organik Holding A.Ş. asserted that (1) the Institute’s decision rejecting the plaintiff's trademark upon acceptance of Organik's opposition was justified; (2) its mark was similar to the plaintiff's trademark IRGATREAT, in accordance with Article 8 of the Decree-Law; (3) there was a risk of confusion; and (4) despite the plaintiff’s assertions, Organik’s trademark ORGATREAT was used. Accordingly, the defendant requested the rejection of the action.

The Court found that the subject matter of the action involved the determination of the risk of confusion due to the similarity of the trademarks. As the resolution of this matter required specific and technical knowledge, and because the conflict could not be resolved by the judge’s general and legal knowledge, the court appointed a panel of experts, comprising a trademark expert and an academic lecturer in chemistry, to decide the issue. The experts concluded that the trademarks consisted of one word, of which the main element was identical, and that the parties’ goods covered in
Class 1 were also identical. The experts also found that although chemical goods for “water treatment” generally are used by large-scale plants and facilities, and are purchased by purchasing directors and personnel of large-scale companies and experts in the field, these people could have the capacity to perceive the differences between the marks at issue. However, the experts also determined that the covered goods were increasingly used by small-scale entities as well as for personal needs, such as home air-conditioning systems, pool-watering systems, and garden-watering systems, which posed a risk that the trademarks could be confused.

The Court upheld the experts’ report and refused the request of the plaintiff to appoint a second panel of experts.

In addition, the Court refused the plaintiff’s request to postpone the case and wait for the decision of the 2d Court of Ankara. It declared that it would consider the conditions existing on the date when the decision of rejection of the Higher Council of the Institute had been pronounced and that no decision of the Court regarding the cancellation was submitted at that time.

Consequently, the Court ruled that the decision of the Higher Council was valid without the disposition of the pending cancellation action and that the plaintiff’s action should be rejected.915

The decision of the Court has been appealed to the Supreme Court.

Exxonmobil Oil Corporation instituted an action against Avea Iletisim Hizmetleri A.S. for the cancellation of the defendant’s trademark registrations for MOBIL FUTBOL916 and MOBIL VIZYON917 on grounds of their similarity to its trademark MOBIL,918 which was well known in accordance with Article 6bis of the Paris Convention and Article 7, paragraph 1, subparagraph (i) of Decree-Law No. 556, even though the defendant’s trademarks covered differed goods and services. The plaintiff claimed that the defendant’s marks had been registered in bad faith in order to take unfair advantage of the reputation of the plaintiff’s trademark.

The defendant asserted that the denomination MOBIL referred to “mobility” in its semantic meaning, that MOBIL had become a generic name in the related business area, and that the denominations VIZYON and FUTBOL constituted the distinctive


\[916. \text{ Registration No. 2001 15670.}\]

\[917. \text{ Registration No. 2002 23194.}\]

\[918. \text{ Registration No. 103965.}\]
part of its trademarks. It therefore requested the rejection of the case.

With regard to the plaintiff’s trademark, the Court determined that it consisted of a single element, the word MOBIL, that was sufficiently distinctive in respect of the registered goods and services.

As for the defendant’s trademarks, the Court found that as the nature and characteristics of the covered services were not disclosed by the word MOBIL alone but only when it was viewed in conjunction with ancillary and descriptive elements, the word MOBIL was an essential element of the defendant’s marks. Accordingly, under Article 8, paragraph 1, subparagraph (b) of Decree-Law No. 556, its use was confusing to the public, as it seemed to be another version of the plaintiff’s trademark.

The Court ruled that the defendant’s trademarks be cancelled, on the ground that the registration of such similar marks, even when they were to be used in connection with different goods and services, would damage the distinctive character of the plaintiff’s trademark.919

I.E. Bad Faith

Şütte Gida Sanayi ve Ticaret A.S. commenced an action against G.C. Gida Sanayi ve Ticaret A.S. and Cevat Genc for the cancellation of the trademarks consisting of the denomination ŞÜTTE920 and the cancellation of the domain name www.sutte.com.tr.

The plaintiff claimed that its trademark ŞÜTTE had been used for 85 years, that the denomination ŞÜTTE also constituted the essential component of its trade name, and that as the result of uninterrupted and extensive use of the trademark ŞÜTTE on meat products, it enjoyed protection as a well-known trademark. It further claimed that in accordance with an agreement it concluded with the defendants on August 15, 1988, which was still valid, the defendants had been using the ŞÜTTE trademark under the plaintiff’s control, and that although the agreement did not allow the defendants to register the trademark ŞÜTTE in their names, they had registered several trademarks consisting of the ŞÜTTE denomination, as well as the domain name www.sutte.com.tr, in bad faith.

The defendants asserted that the plaintiff had acquiesced in the registration of their trademarks and domain name as it had


920. Registration Nos. 140460, 152126, 160448, 160451, 160453, 160490, 99 015588, 161291, 161296, 171554.
remained silent and inactive regarding the registrations for a very long period of time, making the filing of an action after such a delay an abuse of the right to do so.

The Court held that the filing of the trademark applications containing the denomination ŞÜTTE was in violation of the agreement between the parties and constituted an act of bad faith, and that the defendants could not prove that the plaintiff was aware for a long time of the registration of the subject trademarks in the defendants’ name. The Court also held that because the plaintiff had served a cease and desist letter on the defendants through the notary public and then had promptly instituted a court action, it could not be claimed that the plaintiff had acquiesced in the defendant’s registrations. Consequently, the Court accepted the action and ruled that the defendant’s trademarks and domain name be cancelled.921

I.F. Famous and Well-Known Marks

Aselsan Elektronik Sanayi ve Ticaret A.S. instituted an action against the Turkish Patent Institute for the withdrawal of its decision in favor of the defendant, in which the Institute determined that the status of the plaintiff’s trademark ASELSAN was that of a sectorially well-known trademark and refused the plaintiff’s demand that it to provide an explanation of the meaning of “sectorially well-known trademark” and its legal grounds.

The Court considered whether the trademark ASELSAN was a well-known trademark in the sense of Decree-Law No. 556 and the Paris Convention, as well as the meaning of “sectorially well-known trademark.”

In evaluating the term “sectorially well-known trademark,” the Court referenced Decree-Law No. 556, the Paris Convention, the TRIPS Agreement, and WIPO’s principal decisions. It concluded that the relevant legislation had not established different levels of notoriety—that is, a trademark that was well known in one sector or field should be accepted as well known in every sector.

The Court held that it would be wrong to set different levels of notoriety, that is, sectorially well-known trademarks, trademarks known in Turkey, or trademarks known worldwide. Such differentiation is a nonexistent notion in Turkish legislation as well as in the international agreements and WIPO guidelines.

The Court held that (1) the plaintiff’s trademark ASELSAN was registered in various classes in several countries; (2) the plaintiff’s trademark ASELSAN was a well-known trademark, in

view of its extensive use, the owner’s advertisement expenditures, and the mark’s geographic scope; and (3) the denomination ASELSAN was the trade name of the plaintiff and therefore was protected in the sense of Article 8 of the Paris Convention.

Consequently, the Court accepted the action and ruled that the Institute’s decision be withdrawn and the trademark ASELSAN be acknowledged as well known.922

Gianni Versace S.p.A. brought an action against Karaaslan Mutfak Ekipmanlari Sanayi ve Ticaret Ltd. Sti (Karaaslan) and the Turkish Patent Institute. The plaintiff requested that its registered trademark VERSACE be recognized as a well-known trademark, and that the Karaaslan’s registered trademark VERSACE be cancelled.923 It also requested that the Court rule in its favor in terms of unfair competition based on the similarity of the defendant’s mark to the plaintiff’s various VERSACE trademarks, its personal name rights, the well-known status of the VERSACE trademarks, and the bad faith of Karaaslan.

The plaintiff claimed that the VERSACE trademarks were among the world’s leading and well-known marks in clothing, fashion, cosmetics, and accessories; that the denomination VERSACE was the surname of Gianni Versace; and that Karaaslan took unfair advantage of the reputation of its well-known VERSACE marks.

The defendant claimed that its trademark was registered in Classes 8, 11, and 21, while the plaintiff’s goods listed under the VERSACE trademarks fell into different classes. Therefore, Karaaslan argued, the plaintiff’s VERSACE trademarks should not be considered to be well known.

The Institute asserted that Karaaslan’s VERSACE trademark was registered because no opposition was filed when it was published.

On appeal, the Court held that (1) the plaintiff’s VERSACE marks were registered for goods in Classes 3, 9, 14, 18, 21, 24, 25, and 27 since 1991, and (2) the plaintiff’s VERSACE marks were well-known trademarks under Article 7, paragraph 1, subparagraph (i) of Decree-Law No. 556924 and Article 6bis of the Paris Convention in view of the plaintiff’s registrations, investments, expenditures, and advertisements.

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923. Registration No. 2003 09317.

924. Article 7, paragraph 1, subparagraph (i) provides: “The following signs shall not be registered as trademarks: . . . trademarks that have not been authorized by their owners and well-known marks within the meaning of Article 6bis of the Paris Convention. . . .”
In response to the defendant’s claims, the Court also held that Karaaslan’s mark was identical to the plaintiff’s marks, that Karaaslan could not provide any explanation with regard to its reason for registering the denomination VERSACE, that VERSACE was protected according to Article 8 of the Paris Convention, and that Karaaslan registered the VERSACE trademark in bad faith.

The Court therefore ruled that

1. The plaintiff’s VERSACE trademarks were acknowledged to be well-known trademarks;
2. The defendant’s trademark registration for VERSACE be cancelled and the mark excluded from the Trademark Registry; and
3. The plaintiff’s unfair competition claim be rejected, as the use of a registered trademark would not constitute unfair competition.925

Exxonmobil Oil Corporation instituted an action against the Turkish Patent Institute and Avea Iletisim Hizmetleri A.S. requesting (1) the withdrawal of the Institute’s decision rejecting the plaintiff’s opposition and (2) the cancellation of the other defendant’s trademark registration for MOBIL LIG926 in Classes 9 and 38 on the grounds that the mark was similar to the plaintiff’s well-known trademark MOBIL927 and that the word MOBIL was the essential part of the plaintiff’s trade name.

The Institute asserted that the goods covered by the marks at issue were not similar and that even though the plaintiff’s trademark was acknowledged as well known, the conditions set forth in Article 8, paragraph 4 of Decree-Law No. 556 had not been met.928

Avea asserted that the action was not timely instituted; that the denomination MOBIL referred to “mobility” in its semantic meaning; that MOBIL LIG was intended to be used for mobile telephone services with regard to the Turkish Football League;

926. Registration No. 2001 15671.
927. Registration No. 103965.
928. Article 8, paragraph 4 provides: “A trademark filed for registration that is identical or similar to a registered trademark or to a trademark with an earlier application date may be used for different goods and services. However, where a registered trademark or a trademark with an earlier application date has a reputation, and where the use without due cause of the trademark filed for registration would take unfair advantage of or be detrimental to the distinctive character or reputation of the registered trademark or of the trademark with an earlier application date, on opposition from the proprietor of the earlier trademark the trademark applied for shall not registered, even for use in connection with goods or services that are not similar to those for which the earlier trademark is registered.”
that the trademark was composed of two descriptive word components, MOBIL and LIG, that were combined in a characterizing way; that the essential element of this combination was the word LIG; that there was no similarity between the marks; and that the plaintiff’s trademark was not well known. The defendant requested that Exxonmobil’s action be rejected.

The Court held that the trademarks MOBIL and MOBIL LIG were similar, as (1) the denomination MOBIL was the common element of both trademarks; (2) the defendant’s trademark would deceive the public as to the origin of the goods; and (3) the denomination LIG, apart from being descriptive, was publicly used and therefore unfit for being considered as sufficiently distinctive to qualify for trademark registration. Furthermore, the Court acknowledged that the plaintiff’s mark was well known.

The Court therefore ruled that the Institute’s decision be withdrawn and the defendant’s trademark cancelled.929

Patagonia Inc. brought an action against the Turkish Patent Institute for the withdrawal of its final decision partially refusing the plaintiff’s trademark application for PATAGONIA930 and against Denizli Basma ve Boya San. A.S. for the cancellation of its trademark PATAGONIA BY DEBA,931 cited against the plaintiff’s trademark application.

The plaintiff claimed that because its trademark PATAGONIA was held, by the previous court’s decision, to be a well-known trademark in the sense of Article 7, paragraph 1, subparagraph (i) of Decree-Law No. 556, it should benefit from the provision of the last paragraph of Article 7, which addresses distinctiveness acquired through use.

The Court held that the Expert Report prepared in the case that was heard by the 1st Court of Istanbul on Intellectual and Industrial Rights on the issue of the recognition of the well-known character of the PATAGONIA trademark would be suitable (and adequate) for use in deciding the present case.932

In this respect; by also taking into consideration the Supreme Court’s established case law, that the fact that the well-known status of a trademark has been proven would in itself presuppose that the trademark has acquired distinctiveness through use before the date of application, in the sense of the last paragraph of


931. Registration No. 2000 7895.

Article 7, the Court accepted the plaintiff’s claims against the Institute and ordered the withdrawal of its rejection.

The defendant having voluntarily cancelled its registration in the meantime, the plaintiff’s claims for trademark infringement and for compensation of material damages were not accepted by the Court, on the ground that the use of a registered trademark, until it is taken off the register, is lawful and therefore does constitute infringement. There are then no material damages, because such use is lawful.933

**II.C.1.g. Two- and Three-Dimensional Marks**

Beaute Prestige International began an action against the Turkish Patent Institute for the withdrawal of its decision refusing the extension to Turkey of two international trademark registrations934 consisting of three-dimensional bottle device packages, on the ground that the bottle devices for which registration was sought were not distinctive and therefore not registrable, which holding was consistent with Article 7, paragraph 1, subparagraph (a) of Decree-Law No. 556.935

The plaintiff claimed that the Institute’s decision refusing its two applications for three-dimensional trademarks, filed with WIPO and claiming priority of French trademark registrations in Classes 3, 21, and 33 that were extended under the Madrid Protocol to Turkey with respect to goods covered in Classes 3 and 21, was unjustified. Moreover, the further denial of the plaintiff’s objections by the Higher Council of the Institute on grounds of lack of distinctiveness, based on Article 7, paragraph 1, subparagraph (a) of Decree-Law No. 556, was also unfounded. Consequently, the plaintiff requested the withdrawal of the Institute’s final decision of refusal.

The Court explained that a registered trademark may consist of all kinds of marks, that serve to distinguish the goods and services of one undertaking from those of other undertakings in accordance with Article 5 of the Decree-Law, which defines a trademark as consisting of two elements: (1) the mark and (2) its distinctive character.

In addition, explained the Court, just because a mark lacks creativity or originality does not mean that it lacks distinctiveness. The mark may consist of words, personal names, designs, letters, and numerals, and it may include the shapes of the goods or their

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934. IR Nos. 821511, 819427.

935. Article 7, paragraph 1, subparagraph (a) provides: “The following signs shall not be registered as trademarks: . . . signs that do not conform to the provisions of Article 5 [Signs That May Constitute a Trademark]. . . .”
packaging that are capable of being represented graphically or by similarly descriptive means. The Court also pointed out that marks that are not close to the generic name of the notion or concept or that do not generally call to mind the registered goods or services and do not bring forward the characteristics of those goods or services are deemed distinctive per se because of their nature.

The Court acknowledged that the plaintiff’s bottle devices were three-dimensional trademarks that were registered in their home country, France, for goods in Classes 3 and 21 and that possessed the requisite distinctiveness for a trademark. In addition, they served to distinguish the plaintiff’s goods from those of other companies, because they did not reflect or suggest any features of the goods they covered and had features that bore no relation to the meaning or type of goods on which they were used. Moreover, the Court had determined that the bottle device trademarks had been registered since May 21, 2003, prior to the filing date of the plaintiff’s application, as national trademarks in France and as international trademarks, under the provisions of the Madrid Protocol, in many other countries for use with the identical goods; this was clear evidence that the designs had a distinctive character with respect to goods in Classes 3 and 21.

The Court also clarified that the devices could be represented by writing and drawing and were capable of being published and reproduced in print. In deciding on the registrability of a mark, said the Court, one should consider the general image of the mark as a whole rather than examine its separate components. In this case, in order to determine whether the consumer would perceive the marks as indicative of the source of goods covered in Classes 3 and 21, the marks needed to be analyzed in their entirety.

The marks for which registration was sought were not of a shape generally used in the sectors of goods covered in Classes 3 and 21. The Court concluded that the average informed, moderately attentive, and reasoned consumer would perceive the trademark as a whole, and would directly and without any special effort be able to distinguish the goods of the plaintiff from those of other manufacturers. This meant that consumers would be able to determine that the goods belonged to the plaintiff.

The Court then determined that the applied-for marks were the product of a creative effort, were protectable, were unusual, and contained features that were unrelated to the meaning and characteristics of the goods they identified. The marks in their entirety did not convey any meaning that suggested or described the nature of the goods to be covered by the registration. The goods were unrelated to the concept of the marks used to market them. The marks also did not reveal any feature of the goods.
The Court further asserted that although the Institute did not issue a decision on the subject of the descriptiveness and generic character of the marks, these issues should be examined, as the bottle devices were original, uniquely created, and unusual and did not describe any features of the goods to be registered. On the other hand, the Court held that the bottle devices did not give substantial value and were not the result of the nature of the concerned product, as there were no goods on the market that were produced or were to be directed to be used for goods in Classes 3 and 21. Furthermore, the experts’ report evidenced that the bottles’ designs did not consist of shapes of general use in the sector. Indeed, the designs were unique.

The Court determined that the goods bearing the bottle design had not been presented by any other entity in the market, that the prior marketing by the plaintiff of the goods bearing the trademark subject to the action did not refer to its common use by tradesmen in the field, and that there was no requirement of novelty for a mark to be registrable. Therefore, the plaintiff’s bottle designs were registrable in terms of Article 7, paragraph 1, subparagraphs (a)–(e) of Decree-Law No. 556, Article 6quinquies of the Paris Convention, and Article 15 of the TRIPS Agreement. Consequently, the Court accepted the claims of the plaintiff, and ordered the withdrawal of the Institute’s decision.936

**III.A.3.b. Criminal Actions**

Upon the suspension of release by Turkish Customs of goods bound for importation into Turkey, Gianni Versace S.p.A. brought an action against Karali Deri Tekstil Sanayi ve Ticaret Limited Şirketi (Karali) for infringement of its well-known trademark VERSACE & Design.937 Versace requested (1) the cessation of the trademark infringement and the prevention of similar acts, (2) a determination that the goods held by Customs were counterfeit, and (3) the destruction of the goods held by Customs.

The defendant asserted that the sender firm had erroneously forwarded to it goods that were apparently ordered by others and that it had asked to return them to the sender with the consent of the plaintiff. The plaintiff denied having received this request.

The Court did not give further consideration to the defendant’s assertion that it had not acted with the intent to infringe and that the counterfeits were erroneously forwarded to it, on the ground that the defendant did not submit any documentary evidence in support of its assertions. It ruled, on the basis of an expert’s


937. Registration Nos. 175963, 131849, 2001 27133, 118319.
opinion, that the goods held by Customs were counterfeits and that their importation by the defendant infringed the plaintiff’s trademark and constituted unfair competition. The Court therefore ordered the destruction of the goods at the defendant’s expense.938

In response to a complaint filed by the plaintiff, the Public Prosecutor commenced a criminal action939 against a shopkeeper/retailer dealing with and selling counterfeit goods bearing the trademark LONGCHAMP, which followed its order that the police raid the premises and seize the infringing goods.

The Criminal Court ruled, on the basis of an expert’s opinion and the evidence gathered, that the goods seized at the defendant’s business premises infringed the plaintiff’s registered trademarks. Consequently, the Court ordered the seizure of the confiscated counterfeit goods found there. It applied the more lenient amendment to the Decree-Law dated June 26, 2004, which was enacted after the date of the crime, based on the way the crime had been committed and the degree of seriousness of the crime. Therefore, the defendant was sentenced to the following:

1. Imprisonment for one year and eight months;
2. Closure of his premises for 10 months;
3. A ban on his trading activity for 10 months;
4. Postponement of the above-mentioned penalties; and
5. Seizure of the confiscated counterfeit goods found on the defendant’s business premises.

The Court suspended the imprisonment in view of the fact that the accused had not committed similar offenses in the past, with the proviso that he not commit any similar offenses specified in Article 95/2 of the Turkish Criminal Code.

In response to a complaint filed by the plaintiff, the Public Prosecutor commenced a criminal action940 against a shopkeeper/retailer who was dealing with and selling counterfeit goods bearing the trademark PHILIPS, which followed its order that the police raid the premises and seize the infringing goods.

In its decision, the Criminal Court ruled, based on an expert’s opinion and the evidence gathered, that the goods seized on the defendant’s business premises infringed the plaintiff’s registered

trademarks. Consequently, it ordered the seizure of the confiscated counterfeit goods found there. Based on the method and seriousness of the crime, the Court imposed the following sentence:

1. A determination that the defendant was guilty of trademark infringement;
2. Imprisonment for one year and eight months;
3. Closure of his premises for 10 months; and
4. A ban on his trading activity for 10 months.

In view of the fact that the accused had not committed similar offenses in the past, the Court suspended the imprisonment, with the proviso that he not commit any similar offenses specified in Article 95/2 of the Turkish Criminal Code during the following five years.

In response to a complaint filed by the plaintiffs, the Public Prosecutor commenced a criminal action against a shopkeeper/retailer dealing with and selling counterfeit goods bearing the trademark LOVATO, which followed its order that the police raid the premises and seize the infringing goods.

On the basis of an expert’s opinion and the evidence gathered, the Criminal Court ruled that the goods seized on the defendant’s business premises infringed the plaintiffs’ registered trademarks. Consequently, it ordered the seizure of the confiscated counterfeit goods found there. The defendant’s sentence included

1. A determination that he was guilty of trademark infringement;
2. Imposition of a heavy pecuniary fine of YTL 22,500;
3. Closure of his premises for 10 months;
4. A ban on his trading activity for 10 months; and
5. Seizure of the confiscated counterfeit goods found on his business premises.

The Court suspended the imprisonment in light of the fact that the defendant had not committed similar offenses in the past, with the proviso that he not commit any similar offenses specified in Article 95/2 of the Turkish Criminal Code.

In response to a complaint filed by the plaintiffs, the Public Prosecutor commenced a criminal action against a


942. Registration No. 2000 16265.

shopkeeper/retailer who dealt with and sold counterfeit goods bearing the trademark BULGARI, which followed its order that the police raid the premises and seize the infringing goods.

The Criminal Court ruled, based on expert opinion and the evidence, that the goods seized on the defendant’s business premises infringed the plaintiff’s registered trademarks, taking into account that the defendant had traded in similar goods for a long enough time and that he was in a position to distinguish counterfeits from originals. His denial of the facts and of his intent to infringe was found not to be sincere and convincing.

The defendant was convicted and sentenced to the following punishment:

1. Imprisonment for one year and eight months;
2. Closure of his business premises for 10 months;
3. A ban on his trading activity for 10 months;
4. Suspension from exercising his rights until after the imprisonment was fully executed and served in accordance with Article 53(1)(a), (b), (d), and (e) of the Turkish Criminal Code; and
5. Confiscation of the counterfeits seized at his premises.

The Court further decided to suspend the imprisonment in view of the fact the defendant had not committed similar offenses in the past, with the proviso that he not commit any similar offenses. It subjected the defendant to a probation period of two years but did not impose on him any further obligation or constraint or appoint him a tutor in accordance with Article 51(5) of the Turkish Criminal Code.

In response to a complaint filed by the plaintiffs, the Public Prosecutor commenced a criminal action against a

944. Registration No. 92205.
945. Law No. 5237, September 26, 2004. Article 53(1) provides, in pertinent part:
As a legal consequence of a sentence to imprisonment due to a felonious intent, a person may be disqualified from the following:

a) Undertaking of a permanent or temporary public service; within this scope, such person is suspended from membership in the Turkish Grand National Assembly or office in any department of the State, province, or municipality or employment in an institution or corporation controlled by these administrations;

b) Use of right of voting or right to be elected; . . .

d) Employment as a manager or auditor in a foundation, association, union, company, or cooperative, or a political party in the status of legal entity; [or]

e) Performing a profession or art as a freelancer or tradesman subject to the consent of a professional organization in the status of public institution or public corporation.

shopkeeper/retailer dealing with and selling counterfeit goods bearing the trademark HERMES. The action followed its order that the police raid the premises, which led to the seizure of 30 infringing goods.

The Criminal Court ruled, on the basis of an expert’s opinion and the evidence gathered, that the goods seized on the defendant’s business premises infringed the plaintiff’s registered trademarks. Its decision was influenced by the fact that (1) the defendant had traded in similar goods for a long enough time; (2) by virtue of his profession, he was in a position to distinguish counterfeits from originals; and (3) his denial of the facts and of his intent to infringe was not found to be sincere or convincing.

The defendant’s criminal conviction resulted in the following sentence:

1. Imprisonment for one year and eight months;
2. Closure of his business premises for a period of 10 months;
3. A ban on his trading activity for a period of 10 months;
4. Suspension from exercising his rights until after the imprisonment charge was fully executed and served in accordance with Article 53(1)(a), (b), (d), and (e) of the Turkish Criminal Code; and
5. Confiscation of the counterfeits seized at his premises.

The Court further decided to suspend the imprisonment light of the fact the defendant had not committed similar offenses in the past, with the proviso that he not commit any similar offenses. It subjected the defendant to a two-year probation period, but without any additional obligation or constraint and without the appointment of a tutor in accordance with Article 51 of the Turkish Criminal Code.

In response to a complaint filed by the plaintiffs, the Public Prosecutor commenced a criminal action against a shopkeeper/retailer who was dealing with and selling counterfeit goods bearing the trademark HERMES. The action followed its order that the police raid the premises, which led to the seizure of 84 infringing goods.

In its decision, the Criminal Court ruled, based on expert opinion and the evidence gathered, that the goods seized in the defendant’s business premises infringed the plaintiff’s registered trademarks. Its decision was influenced by the fact that (1) the

947. Registration Nos. 107656, 107857.
949. Registration Nos. 107656, 107857.
defendant had traded in similar goods for a long enough time; (2) by virtue of his profession, the defendant was in a position to distinguish counterfeits from originals; and (3) the defendant’s denial of the facts and of his intent to infringe was found not to be sincere or convincing.

Upon his criminal conviction, the defendant received the following sentence:

1. Imprisonment for one year and eight months;
2. Closure of his business premises for 10 months;
3. A ban on his trading activity for 10 months;
4. Suspension from exercising the rights until after the imprisonment charge was fully executed and served, in accordance with Article 53(1)(a), (b), (d), and (e) of the Turkish Criminal Code; and
5. Confiscation of the counterfeits seized at his premises.

The court further decided to suspend the imprisonment in light of the fact that the defendant had not committed similar offenses in the past, with the proviso that he not commit any similar offenses. It subjected the defendant to two years’ probation but did not impose on him any further obligation or constraint or appoint him a tutor in accordance with Article 51 of the Turkish Criminal Code.

**III.F.1. Non-Use**

Ciba Specialty Chemicals Inc. instituted an action against Organik Holding A.Ş. for the partial cancellation of the trademark ORGATREAT,\(^{950}\) covering goods in Class 1, on grounds of non-use within the statutory period.

The plaintiff claimed that its request for the extension to Turkey of its International Registration for the trademark IRGATREAT\(^{951}\) had been rejected on the ground that the mark was similar to the defendant’s trademark ORGATREAT. Ciba further argued that the trademark had not been put to use by the defendant for goods in Class 1. In light of this fact, and considering that there were no goods bearing this mark in the market or on the Internet, the plaintiff requested the cancellation of the trademark ORGATREAT for non-use.

The defendant asserted that it had registered its trademark in 1996 for goods in Classes 1 and 17. It had used the mark on “substances for anti-corrosion and against microbiologic dirt,” and such use had not been interrupted for a period of more than five years. The defendant claimed that it could provide documentary

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\(^{950}\) Registration No. 166182.

\(^{951}\) Registration No. 2003/17100.
evidence, such as correspondence and invoices, to support such use.

The Court appointed a panel of experts, which compiled a report on the use of the ORGATREAT trademark. Based on its findings, the panel declared that the defendant had used the trademark since 1997 on various products in Class 1 and that the use had not been interrupted for more than five years.

The defendant, however, failed to submit either any products bearing the ORGATREAT trademark or any objective evidence showing the sale of its products in the market or extensive advertising and promotion. In fact, the defendant’s only evidence of its use of the ORGATREAT trademark was its invoices. The Court determined that invoices are weak evidence, particularly in cancellation actions based on non-use. This is especially true where there is no additional evidence of product package, product advertisement, promotion, or actual product to prove use. The Court found that within the five-year statutory period, calculated back from the date the court action was instituted, namely December 14, 2004, there was only one invoice, dated December 1999. Despite the expert’s report concluding that the trademark was in use, the Court found that a single invoice was not legally sufficient.

Accordingly, the Court, by virtue of Articles 14 and 42(c) of Decree-Law No. 556, ordered the partial cancellation of the defendant’s trademark in respect of goods in Class 1.952

III.H. Court Proceedings

Calzaturificio Casadei S.p.A. brought an action against the Turkish Patent Institute for the withdrawal of its decision on absolute grounds of refusal that partially rejected the plaintiff’s trademark application for CASADEI, and against the defendant Cicek Kundura for the cancellation of its trademark CASADEI,953 cited against the plaintiff’s trademark application.

The Institute asserted that its decision was consistent with the provisions of Decree-Law No. 556. The second defendant asserted that the competent court to render a decision on the cancellation of its registration was the Court of Istanbul on Intellectual and Industrial Rights. The Court determined that it was not mandatory for the plaintiff to bring this action concurrently against the Institute and the registrant as co-defendants, on the ground that the defendant’s trademark registration was valid when the Higher Council of the Institute

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953. Registration No. 2000 24677.
issued its decision partially rejecting the plaintiff’s application based on absolute grounds of refusal. Therefore, the cancellation action was not likely to affect the action for the withdrawal of the Institute’s decision. Thus, the Court held that the claims for the cancellation of the defendant’s trademark registration were to be heard independently of the present action.

The Court ruled, however, that it had no competence to hear the case in respect of the plaintiff’s claim for cancellation of the defendant’s trademark registration and that the case was to be transferred to the competent Court of Istanbul on Intellectual and Industrial Rights, located where the defendant had its commercial establishment.954

UGANDA

I.D.1. Similarity of Marks

The British company Glaxo Group Ltd (Glaxo) opposed the application by the Indian company J.B. Chemicals and Pharmaceuticals Ltd (JB) for registration of the trademark RANTAC, to cover pharmaceuticals and medical preparations in Class 5. The opposition was based on the resemblance of the opposed mark to Glaxo’s trademark ZANTAC, previously registered in Class 5 for pharmaceutical, medicinal, and veterinary preparations and substances.

As reported previously, the Registrar held955 that the two marks were not confusingly similar and could coexist, and the Ugandan High Court upheld that decision.956

Glaxo’s appeal to the Court of Appeal against the High Court’s decision957 was decided in favor of the appellant. The Court of Appeal held that as the two marks differed by only one letter (Z vs. R), there was a strong likelihood of deception or confusion.958

955. Under Section 14(1) of the Trademarks Act, which provides that “no trade mark shall be registered in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or that so nearly resembles such a trade mark as to be likely to deceive or cause confusion.”
JB appealed to the Supreme Court, which upheld the decision of the Court of Appeal, particularly on the question of the similarity of the applied-for mark RANTAC and the registered trademark ZANTAC, and confirmed the Court of Appeal’s injunction prohibiting the registration of JB’s mark.

In reaching that decision and reviewing the decisions of the Registrar, the High Court, and the Court of Appeal, the Supreme Court made the following findings as to likelihood of confusion and similarity of marks:

1. In opposition proceedings, the burden of proof is on the applicant for registration of a trademark to show that there is no likelihood of deception or confusion. JB had failed to discharge that burden.

2. The tribunal (the Registrar or the court) must decide the question of deceptive or confusing similarity as one of fact, based on the evidence adduced. In this case, the Registrar and the High Court had erred in holding the following to be evidence that the similarity between RANTAC and ZANTAC was not likely to deceive or cause confusion:
   a. An agreement, made between the same parties in 1992 in India, expressed to be limited to India and permitting JB to register RANTAC as a trademark there; and
   b. A decision of the Appellate Chamber of the Russian Patent and Trademark Office (Rospatent) that the two marks were insufficiently similar.

3. Where there are special circumstances, the tribunal has the discretion to permit the registration of trademarks that are identical or that nearly resemble each other. However, the Registrar and the High Court had erred in finding, on the evidence, that such circumstances existed in this case.

II.E. Examination and Opposition

The Supreme Court of Uganda, in deciding the question of similarity between marks for opposition purposes in the appeal between J.B. Chemicals and Pharmaceuticals Ltd and Glaxo Group Ltd, made the following findings as to the forums involved:

959. Civil Appeal No. 18 of 2004.
961. Trademarks Act Section 14(2).
1. a. Where trademark opposition proceedings have been initiated before the Registrar of Trademarks,\textsuperscript{963} appeals lie to the High Court, thence to the Court of Appeal and up to the Supreme Court, as of right and without leave of the courts concerned, even though a third appeal, to the Supreme Court, would normally require the leave of the Supreme Court or Court of Appeal. This is because, for purposes of the Civil Procedure Act, the Registrar of Trade Marks, when hearing initial opposition proceedings, is sitting not as a court of first instance subordinate to the High Court but as an administrative tribunal.

b. Consequently, although proceedings like that which Glaxo Group Ltd commenced in the High Court when dissatisfied with the Registrar’s decision are described in the Trademarks Act as an “appeal,”\textsuperscript{964} in this case they were correctly framed as an originating motion to that court. Therefore, the appeal to the Court of Appeal was a first appeal and that to the Supreme Court the second, not the third.

2. As a further consequence of items 1a and 1b above, the High Court had misdirected itself in ruling that as an appellate court it ought not to interfere with the exercise by the Registrar of her discretion.\textsuperscript{965} On the contrary, and as provided by the Trademarks Act,\textsuperscript{966} the High Court is vested with the same discretionary powers in such a case as the Act confers on the Registrar.

UNITED KINGDOM

I.B.2. Merely Descriptive

In EasyNET Group Plc & EasyNET Ltd v. easyGROUP IP Licensing Ltd,\textsuperscript{967} the High Court confirmed that the UK Trade Marks Registry’s approach to the registration of trade marks that comprised nondistinctive elements was correct.

\textsuperscript{963} Under Section 20 of the Trademarks Act, which provides that any person may, within the prescribed period, oppose an application that has been advertised in the prescribed manner.

\textsuperscript{964} Section 20(7), (8).

\textsuperscript{965} Glaxo Group Ltd v. J.B. Chemicals & Pharmaceuticals Ltd, Civil Application No. 152 of 2001 (High Court, judgment of November 1, 2001) (Byamugisha, J. H. Ct.) (unreported).

\textsuperscript{966} Section 51.

Easynet Group Plc and Easynet Ltd (collectively, Easynet) had appealed against easyGroup IP Licensing Ltd’s registration of the word mark EASY.COM. Easynet opposed the registration on the grounds that the mark was devoid of distinctive character and/or descriptive, contrary to Sections 3(1)(b) and 3(1)(c) of the Trade Marks Act 1994.968

At the hearing in the Registry, the hearing officer rejected Easynet’s opposition.969 Easynet challenged this decision by appeal to the High Court. Its appeal relied primarily upon the wording of Section 3(1)(c), which prevents the registration of trade marks “consist[ing] exclusively of signs or indications” that describe the characteristics of goods or services.970

Easynet submitted that, in accordance with a number of decisions of the European Court of Justice (ECJ),971 the hearing officer should have applied a structured test. He should first have considered whether each component of the mark was distinctive in its own right. In this case, both the elements, EASY and COM, were descriptive. The hearing officer should then have considered whether the combination of these two descriptive elements created an unusual or distinctive effect. If it did not, the overall mark should have been found to be descriptive and therefore should not have been registered.

The judge rejected Easynet’s arguments. He held that where a proposed trade mark consisted of two purely descriptive elements (as the judge assumed was the case here), the correct test to be applied was whether the whole mark achieved more than merely the sum of its parts. If the proposed mark remained purely descriptive, it would fail. It was a matter of overall impression, and there was no separate requirement for the existence of some “unusual” characteristic. The references to the term “unusual” in the decisions of the ECJ were designed to give guidance, and “unusualness” was not a separate requirement in itself.

The hearing officer had concluded that the overall effect of the trade mark in this case was more than descriptive, and he had

968. Implementing Articles 3(1)(b) and 3(1)(c) of the EC Trade Marks Directive (First Directive 89/104/EEC of the Council, of December 21, 1988, to Approximate the Laws of the Member States Relating to Trade Marks).


970. Section 3(1)(c) refers to “trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services.”

been entitled to reach that conclusion. Accordingly, the appeal failed.

I.C. Distinctiveness

In the High Court case of *Score Draw Ltd v. Finch*, Mr. Justice Mann ruled that the former official emblem of Brazil’s governing body for sport was invalid as a trade mark. Through its use indicating an association with former Brazilian football teams, it no longer indicated trade origin. The case had come before the court on appeal from a decision of the Trade Marks Registry’s hearing officer, who rejected Score Draw’s claims of invalidity.

In October 2002, Alan Finch, an English individual, registered the device below as a UK trade mark for various goods, including sports articles and leisurewear. He informally licensed its use to a firm called the Old Fashioned Football Shirt Company.

The device had been the emblem of the CBD, the governing body for sport in Brazil, and was historically used by the Brazilian football team between 1914 and 1971. It had not been used in its official capacity since 1971, but had been used on replica clothing by various parties since the 1990s.

Score Draw, a competitor of Old Fashioned’s, had also started to use the device on replica Brazil kits. It applied to have the registered mark declared invalid on the ground that it was

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unregistrable under Sections 3(1)(b), 3(1)(c), and 3(1)(d) of the Trade Marks Act 1994.974

Score Draw claimed that as a result of the way the device had been used by itself and the registrant, the public had come to recognise the device as indicating historic Brazilian football teams rather than any specific trade origin. Consequently, it had lost all capacity to function as a trade mark.

The judge agreed. He believed that the hearing officer had not given proper weight to the evidence of usage submitted by Score Draw, and had therefore failed to give sufficient weight to the effect of such use. Having examined how each party had advertised its football shirts, the judge concluded that the purpose of the badge was to associate the shirts with the Brazilian football team. It seemed clear that members of the relevant public would recognise it as having that purpose as well.

Given the first instance decision in Arsenal Football Club Plc v. Reed,975 the judge accepted that there was no reason why a football club’s badge should not be distinctive enough to operate as a trade mark as well as a badge or symbol of allegiance. Nevertheless, it was possible for a badge to lose its capacity to denote trade origin. In this particular case, use of the badge on replica football kits by Score Draw, Old Fashioned, and others indicated that it had become so closely associated with the Brazilian football team that it no longer denoted trade origin. The badge was used mainly to recreate the past and give the shirts authenticity. Accordingly, the emblem was insufficiently distinctive under Section 3(1)(b) to function as a trade mark.

The judge also disagreed with the hearing officer’s view that the badge was used as decoration. Rather, the badge described an association with the historic Brazilian national team and was therefore more than mere decoration. Consequently, Section 3(1)(c) also applied to this kind of use.

The judge agreed with the hearing officer that Section 3(1)(d) did not apply, although for somewhat different reasons. The use of the badge was “necessary” in order to complete the perceived link between the clothing and the national team. However, it did not

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974. These sections, which implement Article 3(1)(b), (c), and (d), respectively, of the EC Trade Marks Directive, provide that the following may not be registered:

- trade marks which are devoid of distinctive character [Section 3(1)(b)];
- trade marks which consist exclusively of signs or indications which may serve, in trade, to designate . . . characteristics of goods or services [Section 3(1)(c)];
- trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade [Section 3(1)(d)].

follow that the use was “customary” in the sense contemplated by this provision.

I.D.1. Similarity of Marks

In *L’Oreal SA v. Bellure NV*,\(^7\) L’Oreal commenced High Court proceedings for trade mark infringement in relation to “look-alike” and “smell-alike” versions of its high-quality perfumes.

The claimants were all members of the L’Oreal group, which manufactures perfumes and other high-quality beauty products. Three of the defendants imported and distributed, in the United Kingdom, the Creation Lamis range of perfumes, which generally were sold in supermarkets, discount stores, and street markets.

L’Oreal maintained that the products imported by the defendants, specifically, Coffret d’Or, La Valeur, Pink Wonder, Nice Flower, and Sweet Pearls, were “smell-alikes,” marketed and packaged in a way that took unfair advantage of its own products and its trade marks for the perfumes Trésor, Miracle, Anaïs Anaïs, and Noa.

One of the marks relied upon by L’Oreal and an example of the corresponding “smell-alike” product are illustrated below.

![Miracle (Community Trade Mark)](image1)

![PinkWonder (Original Bottle)](image2)

L’Oreal claimed\(^7\) that the packaging and branding of the defendants’ products were contrary to Section 10(2)\(^8\) (similar goods and marks, with likelihood of confusion) and Section 5(1)(b) of the EC Trade Marks Directive.

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\(^8\) L’Oreal also contended that the use of lists that compared its marked brands with the defendants’ products, both when selling the defendants’ products and when dealing with customers’ queries, was contrary to Section 10(1) of the Act. This aspect of the case is addressed in greater detail at III.A.7. Advertising. Claims were also brought for passing off. This aspect of the case is addressed in greater detail at III.A.2. Passing Off.

\(^9\) Implementing Section 5(1)(b) of the EC Trade Marks Directive.
10(3)(a)\textsuperscript{979} (similar mark taking unfair advantage) of the Trade Marks Act 1994.

The judge accepted that when undertaking the overall global assessment that was necessary when considering whether there was infringement under Section 10(2), the courts no longer undertook a limited comparison between the marks at issue. The first step was to identify what was properly the defendant's relevant mark; in doing so the court often could take account of what had been traditionally excluded as “extraneous matter” under UK law.

In this case, a number of the marks relied upon by L'Oreal were bottle marks and packaging marks, which also incorporated words such as “Trésor” and “Miracle.” When assessing which mark belonged to the defendants for purposes of the necessary comparison, it was the bottles and packaging used by the defendants, including their own words (i.e., “La Valeur” and “Pink Wonder”), that mattered. The impact of those words could not be overlooked when making the comparison between the registered mark and the alleged infringing mark.

L'Oreal contended that the court should go further and take into account the fact that the defendants’ products were part of a broader range of perfumes that were displayed together in the defendants’ trade brochures or on the defendants’ website. The fact that they were marketed together in a range of fragrances, some of which bore a striking resemblance to highly distinctive packaging of well-known brands (e.g., torso-shaped bottles that resembled the very distinctive bottles used by Jean-Paul Gaultier), was alleged to produce a “heightened impression” on consumers. The judge, however, rejected L'Oreal’s approach. Although the law had moved on, it had done so only in the context of assessing similarity globally, which is a question of identifying the allegedly infringing mark and assessing it in context. In \textit{O2 Holdings Ltd v. Hutchinson 3G Ltd},\textsuperscript{980} the same judge had held that an integrated audiovisual presentation should be assessed as a whole and not dissected into its component parts. But this was because the defendant’s mark comprised the whole audiovisual presentation. It would be going too far when undertaking the necessary comparison to consider other products and other marks.

The judge also rejected L'Oreal’s contention that it should take into account the similarity of smell between the relevant products. The smell in this case was the subject of neither the registered mark nor the alleged infringing mark.

\textsuperscript{979} Implementing Section 5(2) of the EC Trade Marks Directive.

Because both Section 10(2) and Section 10(3) infringement claims require similarity between the marks in question, the defendants contended that there was a minimum threshold degree of similarity that had to be crossed before the court would consider whether the extent of similarity could have any of the effects required of those sections. The judge rejected this argument. In his opinion, similarity was a question of degree in every case.

However, on the facts of this case, none of the marks alleged to infringe were sufficiently similar to the relevant marks to lead members of the public wrongly to believe that the respective goods came from the same or economically linked undertakings. Therefore, the claims under Section 10(2) failed.

The issue of the Section 10(3) infringement claim is considered in greater detail below.981

PepsiCo Inc (Pepsi) opposed in the UK Trade Marks Registry the application by the Coca-Cola Company (Coca-Cola) to register IPSEI as a UK trade mark for various types of nonalcoholic beverages and soft drinks. Pepsi claimed that, in view of its numerous UK and Community trade mark registrations for PEPSI, the registration of IPSEI would be contrary to Section 5(2)(b) of the Trade Marks Act 1994.982

While the exact wording used in the specifications for the Pepsi marks was somewhat different from that in Coca-Cola’s application, the hearing officer held that the goods covered were in fact identical. He then went on to assess the question of similarity and likelihood of confusion. Particularly interesting is the use that he made of survey evidence in coming to his conclusions on these questions. The use of survey evidence often is fraught with difficulty, yet it is clear that it strongly influenced the outcome in this case.

An important issue was the existence and degree of visual and aural similarity between PEPSI and IPSEI. As far as visual similarity was concerned, while the hearing officer accepted that there was well-established case law emphasising that the first letter of a mark was critical, the eye was also capable of noting letter combinations. In this case, the use of the same four letters produced a degree of visual similarity that was reinforced by the central PS combination in each mark.


982. Implementing Article 4(1)(b) of the EC Trade Marks Directive. Section 5(2)(b) provides that a mark will not be registered if “[i]t is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected” and if such mark creates the likelihood of confusion on the part of the public with the prior-registered trade mark.

Pepsi also opposed the application under Section 5(3) of the Trade Marks Act. Further details in this respect are set out at III.A.1.a. Blurring.
As regards aural similarity, both IPSEI and PEPSI are two-syllable words with the stress on the first syllable and “-see” sounding endings. In assessing the question of pronunciation, the hearing officer was guided by the real-world findings of Pepsi’s surveys as to how IPSEI might be pronounced. Most people had read IPSEI as having a “-see” ending. The fact that some people had pronounced the word with a “-say” ending did to some degree lessen the aural similarity. The hearing officer concluded, however, that overall there was a material (but not a particularly high) degree of phonetic similarity arising from the fact that both marks were composed of the same letters, contained the central PS combination, and had similar-sounding endings.

The survey evidence supplied by Pepsi was such that the hearing officer accepted that his own initial impression as to the modest degree of similarity between the marks underplayed the degree of similarity that in practice consumers found to exist.

With these conclusions as to similarity in mind, the hearing officer went on to consider whether there was a likelihood of confusion. In doing so he bore in mind that, according to the ECJ decision in Sabel v. Puma,\textsuperscript{983} there was a greater likelihood of confusion where the earlier trade mark had a highly distinctive character. In this case, PEPSI was a mark that enjoyed a very high distinctive character.

Once again, the survey evidence played an important role in the dispute. At least 55 percent of those asked what they thought of IPSEI as a new name for a soft drink and then asked to explain their answers had mentioned PEPSI. Although there is always difficulty in determining whether survey evidence is likely to reflect consumers’ reactions in an actual retail environment, the evidence in this case provided a powerful indicator as to how consumers would behave.

According to the hearing officer, it also would not matter if Coca Cola’s application covering soft drinks in general were limited to “flavoured waters” and “fruit drinks.” The survey evidence pointed to the strong capacity of IPSEI to generate an association with PEPSI in relation to soft drinks at large, not just colas. That association was more than an inconsequential bringing to mind—it was indicative of a likelihood of confusion at the point of sale. This is not to say that one mark would be taken for the other. Rather, the evidence suggested that consumers would be led to think that this was a development in trade whereby the PEPSI brand was being adapted for use with a non-cola soft drink. That was sufficient evidence to establish an association with PEPSI, and the opposition succeeded.\textsuperscript{984}

\textsuperscript{983} Case C-251/95, [1997] ECR I-6191 (ECJ, November 11, 1997).

\textsuperscript{984} In re Application No. 2326324 by the Coca-Cola Company to Register the Trade Mark IPSEI in Class 32, Case No. O-326-06 (November 17, 2006), available at
In *Lunan Group Ltd v. Edwin Co. Ltd*, Lunan challenged the decision of the Registrar of Trade Marks, acting by his hearing officer, that there was a likelihood of confusion between its mark FIORELLI and Edwin Co.’s earlier-registered trade mark FIORUCCI. The High Court allowed the appeal, finding that there was no such likelihood of confusion.

Lunan had applied to register FIORELLI as a trade mark in Classes 9 (spectacles and sunglasses), 14 (watches and jewellery), 18 (bags, small leather goods, and umbrellas), and 25 (clothing). Edwin Co. opposed that application under Section 5(2)(b) of the Trade Marks Act 1994 on the ground that there would be a likelihood of confusion with its registered trade mark FIORUCCI in Classes 18 and 25. There had been some simultaneous trading in the United Kingdom under these two marks since 1995, and Lunan had not provided any evidence of confusion.

Alan Steinfield QC, sitting as a deputy judge of the High Court, found that the hearing officer had made material errors in his consideration of visual similarity. The hearing officer had concluded that there was a “high degree of visual similarity” between the two marks. In doing so, he had referred to the well-established principle that “in aural use the beginning of words assumes more importance with the ends of words tending to become blurred.” He then claimed that similar considerations applied when one was considering visual similarity. The judge rejected this argument, which, he stated, would involve “the absurd proposition that the vision of a person looking at a mark which consists of a word becomes in some way more blurred toward the end of the word than at the beginning of the word.”

The judge also criticised the manner in which the hearing officer had addressed the issue of simultaneous use. The hearing officer had accepted that where two marks have coexisted in the marketplace, non-confusing parallel sales of goods under these two marks can be a factor that is considered as part of the global appreciation test required under Section 5(2). However, the hearing officer had broken down sales into separate markets restricted to the classes of goods to which registration related, and having done so he concluded that little or no simultaneous trading existed. The judge was of the view that, based on the evidence, the marks had been operating simultaneously in what was essentially a single market for designer clothes and accessories. The relevance


985. [2006] EWHC 3278 (December 12, 2006) (Ch.).


987. Quoting *London Lubricants Ltd’s Application*, (1925) 42 RPC 264.
of simultaneous trading was not that there happened to have been simultaneous trading in the particular class of goods in which the application had been made. Rather, it was that “if in a market which consists of designer clothes and accessories there has been parallel [i.e., simultaneous] trading for very many years without any actual evidence of confusion in that market, that [was] in itself a factor to be taken into account when considering the risk of confusion between the two marks.”

These errors and other errors of fact constituted decisive and material errors of principle that justified the judge’s interfering with the hearing officer’s determinations. The appeals were, therefore, allowed and the Registrar’s refusal to register set aside.

The seemingly contradictory approaches taken in L’Oreal\textsuperscript{988} and Hachette\textsuperscript{989} to the question of whether there is a minimum threshold requirement of similarity were more recently addressed in esure Insurance Ltd v. Direct Line Insurance plc.\textsuperscript{990}

Direct Line was the proprietor of both national and Community trade marks consisting of the telephone-on-wheels device. Although invariably used in a red telephone and black wheel combination, they were not limited to those colours and included monochrome forms. Direct Line had used those marks since the 1990s, and as a consequence the mark had become very well known to consumers of insurance. In September 2004, esure sought to register as a UK trade mark a device consisting of a representation of a computer mouse on wheels.

The application, an example of one of Direct Line’s corresponding marks, is set out below;

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<th>esure Application</th>
<th>Direct Line Mark</th>
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<td><img src="image1.png" alt="esure Application" /></td>
<td><img src="image2.png" alt="Direct Line Mark" /></td>
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\textsuperscript{988.} See L’Oreal SA v. Bellure NV, supra notes 976-81 and accompanying text.

\textsuperscript{989.} See Hachette Filipacchi Presse S.A. v. Saprotex International (Proprietary) Ltd, infra note 997 and accompanying text.

In May 2005, Direct Line began a very extensive advertising campaign featuring its existing “red telephone on wheels” trade mark, but with its added “friend,” a red computer mouse on black wheels, which appears in its advertisements alongside the red telephone.

In assessing the existence and extent of any threshold test, the judge embarked upon a comprehensive revue and assessment of previous European and English case law that threw light on the issue. He noted the comment of Mr. Justice Patten, in the High Court case of *Sihra’s Trade Mark Application*,991 that there was a “threshold requirement for a reasonable degree of similarity for the goods and services in question.” He also considered in some detail the case of *Vedial SA v. OHIM – France Distribution*.992 Vedial had a French registration for the mark SAINT-HUBERT 41 in Class 29. France Distribution had applied to register as a Community trade mark the word “Hubert” capped with a drawing of a jovial chef with his thumb held up in the air. The European Court of First Instance (CFI) had concluded that the overall visual impression of the marks was different, the aural stresses in “Saint-Hubert” and “Hubert” in French were such that the marks were dissimilar from an aural point of view, and there was no conceptual similarity between the two marks. Taking these findings together, the CFI concluded that the marks could not be “in any way be regarded as identical or similar.”993

The European Court of Justice (ECJ) had upheld the decision, asserting that the marks could “in no way be regarded as identical or similar.” Yet, inescapably, each mark had elements in common. In each, the letters H-U-B-E-R-T appeared in the same order. Aurally there were similarities in the way the marks sounded. Given this ECJ decision, it could not be the case that identifying any similarity between aspects or items of the rival marks would lead to a need to go on to consider whether the required likelihood of confusion had been demonstrated (or fairly inferred). There had to be some threshold. Once the required overall appreciation of similarity had been made and had been proved negative, any aspects or items of similarity would be left inconsequential, as they would be effectively displaced by the negative overall impression.

However, the CFI, in *Soffass SpA v. OHIM, Sodipan, SCA, Intervening*,994 had stated that where “there is even a slight similarity between the two signs the likelihood of confusion must be assessed globally.” According to Mr. Justice Lindsay, this suggested that any threshold was a “very low one.”

991. [2003] RPC 44.
The judge recognised that in *L’Oreal* Mr. Justice Lewison had concluded that there was “no minimum threshold” and it was “a question of degree in every case.” However, the fact that this was a question of degree did not exclude a threshold. The judge also noted that the *Vedial* case did not appear to have been considered by the judge in *L’Oreal*.

According to Mr. Justice Lindsay, the correct approach was as follows. First, overall impressions of rival marks should be formed, with full regard paid to the autonomous concept of Section 4(1)(b) similarity. Next, one must have in mind the types of confusion that are or are not relevant (i.e., those identified by the ECJ in *Sabel v. Puma*995). Then there arises the threshold question, Are those overall impressions such that one can reasonably say that a likelihood of confusion could not thereby be created? Once this low threshold test is passed, one should go on to consider whether, in consequence, there is a likelihood of confusion.

In the case now before the judge, the hearing officer had wrongly concluded that there was no similarity threshold. However, in the judge’s view, and taking into account his conclusion that the threshold was low, that threshold had been exceeded. Despite the differences between the phone on wheels and the mouse on wheels, the relevant services were identical, and both devices were indicators of how to contact the service provider; moreover, unusually, both involved adding wheels to a means of communication so as to give it the appearance of a vehicle.

As far as likelihood of confusion was concerned, “likelihood’ [was] not a probability.” The requirement was less stringent than that. It required no more than a real prospect that the material consequence should exist.

In *Marca Mode CV v. Adidas AG*,996 the ECJ made it clear that one could not presume the existence of a likelihood of confusion simply because a high degree of distinctiveness of a mark led to likelihood of association. Therefore, the likelihood of confusion had to be substantiated by evidence put before the national court in the conventional manner.

Direct Line had relied upon survey evidence in this respect, but this was problematic because the survey had been conducted after Direct Line had started using a mouse on wheels in advertising. Also, the hearing officer was of the view that the uncertainties inherent in the surveys prevented them from being a reliable indication of what the average consumer might think, and therefore this evidence was discounted. However, he had concluded that the similarities between the marks were such that there was a likelihood of confusion. In the view of Mr. Justice Lindsay, Direct

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Line had not put forward substantial evidence over and above this survey evidence that would justify that conclusion. Accordingly, the finding of likelihood of confusion was overturned.

I.D.2. Similarity of Goods or Services

In *Hachette Filipacchi Presse S.A. v. Saprotex International (Proprietary) Ltd*[^997^], the High Court dismissed an appeal by Hachette, which was pursuing its opposition to registration of the word mark ELLE for knitting yarns.

Hachette, the publisher and distributor of the “fashion and lifestyle” magazine ELLE and the ELLE clothing brand, is the registered proprietor in the UK of the mark ELLE, in both plain and stylised form, in Classes 16, 25, and 41, in respect of periodicals relating to women and women’s clothing.

Saprotex, the registered proprietor in South Africa of the trade mark ELLE in respect of both yarn and knitting patterns, started exporting its yarns under the mark ELLE to the UK, and applied to register the mark ELLE in relation to knitting wool and yarn in Class 23. Hachette gave notice of opposition, specifying its earlier UK registrations for the trade mark ELLE and claiming that the application offended Sections 5(2) and 5(3) of the Trade Marks Act 1994[^998^].

The hearing officer dismissed the claim[^999^]. He held that despite Hachette’s submissions, it was overstating the position to claim that there was a natural association between knitting and the ELLE magazine/clothing. The ELLE brand did not enjoy a monopoly in the market place and there was no evidence of any actual instance of confusion. The hearing officer concluded that while the use of an identical mark on knitting wool and knitting yarn might for some people trigger an association, he was not persuaded that any such association would amount to more than a bringing to mind. He stated that the target audience of ELLE represented a very different audience from the market for knitting wool and knitting yarn. While he accepted that there would be cross-over trade at the margins and that knitting might enjoy the occasional fashion revival with a younger audience, this would not be particularly strong.

The High Court refused to find that the hearing officer had made an error of principle in coming to his conclusions as to the degree of association in this case.


[^998^]: Implementing Articles 4(1)(b) and 4(4)(a) of the EC Trade Marks Directive.

Hachette also criticised the hearing officer’s description of any similarity between the goods as a threshold test determining whether it was necessary to go on to consider likelihood of confusion for the purposes of the Section 5(2) opposition. Hachette maintained that the suggested attribution of the “threshold test” to Mr. Justice Patten in *Intel Corporation v. Sihra* was wrong and that the editors of *Kerly* had been “responsible for that heresy.” The judge rejected this criticism, pointing out that the issues were inevitably sequential and that unless similarity was found, there was no need to consider likelihood of confusion.

**I.E. Bad Faith**

In *Brutt Trade Marks*, Target Fixings Ltd was the registered proprietor of various marks used in connection with helical-shaped fixings for the repair of masonry and related binding agents. The Brutt group of companies applied for declarations that, *inter alia*, the marks were invalidly registered as they had been applied for in bad faith contrary to Section 3(6) of the Trade Marks Act.

The parties had done business with one another in relation to these products since 1997, and the marks were registered by Target Fixings in June 2000, just before the business relationship came to an end. In essence, at the heart of the dispute was the question of who during the relationship had been whose agent or distributor. There was no dispute that the marks were derived from the name of the Brutt family. Also, it was not alleged that the marks had been registered with the knowledge or consent of the Brutt companies. However, Target Fixings maintained that the choice of trade marks in relation to these products had been left to its sole discretion.

At the initial hearing in the trade mark office, the hearing officer had rejected the Brutt companies’ applications. In his view, a finding of bad faith could be made in circumstances that did not involve actual dishonesty but in which the application for the marks would have been considered “contrary to normally accepted standards of honest conduct.” Nevertheless, the question of bad faith should not be determined upon the “balance of

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1003. The Brutt companies also sought a declaration under Section 60(1) of the Act, but it was unnecessary for the Appointed Person to reach a conclusion on this issue.
1004. Implementing Article 3(2) of the EC Trade Marks Directive.
probabilities,” but must be “distinctly proved’ and not ‘inferred’ from the facts.” The hearing officer concluded that the Brutt companies had failed to discharge that burden.

The Appointed Person, Richard Arnold QC, overturned the hearing officer’s decision. While the burden of proof in such a case lay with the applicant, the standard of proof was the same as in all other civil litigation—that is, on the balance of probabilities. It is well established as a matter of English law that the more serious the allegation sought to be proved, the less probable it is, and therefore the more cogent the evidence relied upon to support it must be. However, this did not impose a higher standard of proof.

Also, the fact that there had been no cross-examination of witnesses in this case did not preclude a finding of bad faith. Fairness requires that adverse findings should not ordinarily be made against a witness without giving that witness an opportunity to answer that charge. However, this does not necessarily require cross-examination. Mr. Arnold noted that both OHIM and the courts in most civil law jurisdictions felt perfectly well equipped to make findings that parties had acted in bad faith without the benefit of cross-examination.

Simon Thorley QC, sitting as the Appointed Person in the Royal Enfield case, had stated that an allegation of bad faith was a serious one, should be distinctly proved, and would “rarely be possible by a process of inference.” Nevertheless, Mr. Arnold did not believe that Mr. Thorley meant to say that inference, understood as a reasonable conclusion drawn as a matter of strict logical deduction from known or assumed facts, had no part to play in proof of bad faith.

Mr. Arnold agreed with Professor Ruth Annand, sitting as the Appointed Person in the AJIT Weekly case, that the test for bad faith was whether the applicant’s actions had fallen short of acceptable commercial behaviour observed by reasonable and experienced businessmen. On the particular facts of this case, Target Fixings’ actions had fallen short of that standard. In short, this was a case of a party seeking to lay its hands on the trade marks of another party, with which it had contractual or quasi-contractual relations.

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I.H. Assignment

In My Fotostop Ltd (in administration) v. Fotostop Group Ltd, the High Court considered what constituted the transfer of the “whole” of a business for the purposes of the assignment provisions set out in Article 17(2) of the Community Trade Mark Regulation.

This dispute concerned the sale of a business that specialised in wholesale photographic supplies and related services. The business included a number of intellectual property rights, including UK trade marks and a Community trade mark (CTM) described by the parties as the 1 HOUR TRADE MARK. In 2002, Phoenician Services Ltd had transferred the business to the claimant, My Fotostop Ltd, a wholly owned subsidiary of Phoenician. This transfer was not documented, and it was unclear whether the business’s registered trade marks had been transferred.

On May 18, 2005, My Fotostop went into administration, and negotiations subsequently took place with Fotostop Group Ltd as to the sale of the business. Given the concern about the transfer of the registered marks on May 26, 2005, Phoenician provided a “confirmatory” assignment of the UK trade marks, but not the CTM.

My Fotostop’s administrators subsequently sold the business to Fotostop Group, but the parties agreed to hold £100,000 of the sale price in escrow, which would be paid out to My Fotostop if assignments of the CTM were delivered to Fotostop Group “duly executed” or the legal title to the mark was “otherwise transferred” to Fotostop Group by August 27, 2005.

In July 2005, My Fotostop obtained from Phoenician a document purporting to be an assignment of all Phoenician’s rights in the Community trade mark in favour of My Fotostop. The following month, My Fotostop sent Fotostop Group an assignment of its rights in that mark. My Fotostop subsequently issued proceedings claiming the £100,000.

My Fotostop accepted that the July 2005 assignment from Phoenician was defective and had not effectively assigned the rights in the mark to My Fotostop. It maintained, however, that this did not matter, as rights in the mark had already been transferred under Article 17(2) as a result of the October 2002 business transfer. Fotostop Group’s position was that because the

1008. [2006] EWHC 2729 (November 6, 2006) (Ch.).
1009. Council Regulation (EC) No. 40/94 of December 20, 1993, on the Community Trade Mark. Article 17(2) provides that “[a] transfer of the whole of the undertaking shall include the transfer of the Community trade mark. . . .” Article 17(3) provides that “without prejudice to [Article 17(2)], a valid assignment of the Community trade mark shall be made in writing and shall require the signature of the parties to the contract, except when it is a result of a judgment. . . .”
UK trade mark had not been assigned to My Fotoshop until May 2005, there had not been a transfer of the whole of the business in October 2002 and Article 17(2) did not apply.

Article 17(2) effects the transfer of any CTMs without formalities where the “whole” of a business has been transferred. However, in the judge’s view, the word “whole” in Article 17(2) should be interpreted according to common sense. In this case, the effect of the 2002 transfer was to convey the equitable interest and not the legal title in the business’s UK marks. Nevertheless, there had still been a transfer of the “whole” of the business for the purposes of the article. Further, the article did not require that the transfer of the “whole” undertaking had to take place in one tranche. Therefore, even if there had not been a transfer of the “whole” of the business in 2002, this had occurred with the assignment of the legal interest in the UK marks on May 18, 2005.

Accordingly, Article 17(2) applied, the CTM had been transferred, and My Fotoshop was entitled to the £100,000 claimed.

I.I. Licensing

The High Court case of Leofelis SA v. Lonsdale Sports Ltd\(^{1010}\) involved a dispute in relation to the use of certain LONSDALE trade marks under licence. For the most part, the outcome of the case turned upon its own complicated and specific facts. Nevertheless, there are aspects of this case that are potentially of broader significance.

One of these was the consideration by the court of in what circumstances a licensor is held to have waived the right to terminate the licence. In this case, the licence permitted the licensor to terminate the licence where there was a change in control of the licensee. A change of control had occurred, and while the licensor had expressly reserved its right to terminate the licence as a consequence of that change, it had nevertheless subsequently accepted €5 million in royalties.

The licensee argued that in such circumstances the licensor had waived its right to terminate the agreement. Mr. Justice Evans-Lombe agreed. In doing so he relied upon the decision in Central Estates (Belgravia) Ltd v. Woolgar (No. 2).\(^{1011}\) In that case, the Court of Appeal had declared that it was settled law that a landlord could not prevent the acceptance of payment of rent from operating as a waiver of a right to forfeit a lease merely by stating that he accepted payment without prejudice to his right to forfeit.


A landlord was required to make an election as to whether to treat the lease as forfeit or as remaining in force. In Mr. Justice Evans-Lombe’s view, there was no principled distinction between the circumstances of a landlord and a tenant and those of the licensor of a trademark and his licensee. Therefore, by accepting the licence fees, the licensor had given up its right to terminate the licence by reason of the change of control, and any other non-continuing breach of the licence.

Another interesting aspect of the case relates to a term in the licence agreement that “the Licensee shall use its best endeavours at all times during the Term to create, promote and retain goodwill in the business utilising the Goods under the Trade Marks.” The licensor alleged that the licensee had been in continuing breach of this term. The judge formed the view that the licensor had not brought forward sufficient evidence to substantiate that allegation. More significant, however, was the judge’s statement, notwithstanding the licensor’s assertion that such clauses frequently appeared in trade mark licensing agreements, that such a “best endeavours” clause was too uncertain to be enforceable. Adopting the words of Mr. Justice Reginald Goff in *Bower v. Bantam Investments*,1012 “There is absolutely no criterion by which best endeavours and practicability are to be judged.”

**I.L. Coexistence Agreements**

In *Apple Corps Ltd v. Apple Computer, Inc.*,1013 the High Court found that use by Apple Computer, Inc. of the APPLE logo in relation to its iTunes music download service did not breach the terms of an agreement reached in 1991 between it and Apple Corps Ltd, the record company formed by The Beatles. This agreement sought to delineate how the parties would use their respective trade marks. It had been signed in settlement of a dispute regarding alleged breaches by Apple Corps of an 1981 coexistence agreement.

This 1991 agreement had shifted the boundaries between the respective parties’ exclusive fields of use so that Apple Computer was entitled to a wider-ranging field of use in relation to, among other things, equipment and delivery services than had been the case under the 1981 agreement. There remained, however, an important boundary line between Apple Computer’s permitted field of use and musical content, the latter being within the exclusive preserve of Apple Corps. At its heart, this action was about whether Apple Computer’s iTunes music download service crossed that boundary.

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1012. [1972] 1 WLR 1120, 1126.
Apple Corps alleged that the iTunes service involved use of the APPLE mark in connection with music content in breach of the agreement. In addition, Apple Corps alleged that by engaging in activity, such as the sale of tracks that were exclusive to it for a period of time and arranging recording sessions, Apple Computer was acting as a record company and was therefore associating its mark with music content.

Mr. Justice Mann found that there was no breach of the 1991 agreement and dismissed the action. Use of the APPLE logo in connection with iTunes service was not use in connection with the music store and not use in relation to music content. It was instead use “in connection with” Computer’s data transmission services, which was expressly permitted by the agreement.

The relevant provisions in the agreement were intended to protect a fair and reasonable use of the mark when applied in connection with the transmission of music data in order that the mark did not become associated with the content itself rather than with the service. In the judge’s view, Apple Computer had not crossed this line.

In assessing the position, the judge took account of the trade mark rule, laid down by the ECJ in *Lloyd Schuhfabrik Meyer & Co GmbH v. Klijsen Handel BV*,1014 that use of a mark was to be judged by reference to how it would be perceived by the “average consumer” who was “reasonably well-informed and reasonably observant and circumspect.” In the present case, the use of the APPLE logo on the iTunes service would not likely be taken by such a user, without more, as involving a trade association, with the content on that service beyond that of being a retailer.

**II.C.7. Copyright**

In *Fearns t/a Autopaint International v. Anglo-Dutch Paint & Chemical Co. Ltd.*,1015 Gary Fearns was the owner of any copyright in the logo appearing on Fearns’s AUTOPAINT tins of paint. Although the facts in this case are complex, the court ultimately held that the defendants had been engaged to a certain degree in the sale of some products that bore this logo without Mr. Fearns’s consent.

In addition to claims of registered trade mark infringement and passing off, Mr. Fearns brought an action for copyright infringement. The defendants claimed that the copyright action failed because tins bearing that logo had been sold since 1988 with Mr. Fearns’s consent. Under Section 52 of the Copyright Designs and Patent Act 1988, where a copyright owner “has made by an

industrial process and marketed articles failing to be treated [for purposes of the Act] as copies of the work, or has consented to such acts,” the usual copyright term for the work is cut down to 15 years. Therefore, according to the defendants, the logo no longer enjoyed copyright protection.

The court agreed. It rejected Mr. Fearns’s suggestion that he could take advantage of the exception to Section 52 where the articles in question consisted of “printed matter primarily of a literary or artistic character.” There was no dispute that product labels as such constituted printed matter and that (at least initially) Mr. Fearns had used sticky labels to apply the logo to his paint products. However, this did not matter, because what had been subsequently marketed was not “primarily” those labels but tins of paint to which the labels and logo had been applied.

II.E. Examination and Opposition

In esure Insurance Ltd v. Direct Line Insurance plc,1016 the question arose as to what weight should be given in the opposition process to a preliminary view given under Rule 13B of the Trade Mark Rules 2000. The opponent raised objections under Articles 4(1)(b), 4(3), and 4(4) of the EC Trade Marks Directive in respect of a number of its preexisting marks. The preliminary view of the Registrar was that the relevant marks were identical and/or very similar but that, overall, the application was not similar to Direct Line’s preexisting marks, and therefore there was no likelihood of confusion.

In his decision,1017 the hearing officer expressly declined to take into account the Registrar’s preliminary view. When the matter was appealed to the High Court, esure maintained that, by refusing to take into account the preliminary view, the hearing officer had made an error of principle. Mr. Justice Lindsay disagreed. Because such preliminary views were given before evidence and argument had been presented, the hearing officer would have made a serious error of principle if he had taken that view into account.

The judge also addressed the issue of who bore the burden of proof in opposition proceedings. He cited the decision of the hearing officer in Audi-Med Trade Mark1018 to the effect that (notwithstanding the previous national approach to this issue) the underlying approach of Article 4 of the EC Trade Marks Directive


was that a mark should be registrable unless another party was in a position to prevent that application. The judge confirmed that this was so regardless of whether the opposition was brought under Article 4(1)(b), 4(3), or 4(4)(a).

II.F.1. Disclaimers

In *L'Oreal SA v. Bellure NV*,1019 one of the marks relied upon by the claimants was the TRÉSOR bottle mark. The mark took the following form:

![Image of TRÉSOR bottle mark]

This mark had been registered in 1991 under the Trade Marks Act 1938 with the disclaimer “Registration of this mark shall give no right to the exclusive use of the device of a container.” A question arose as to what the effect of this disclaimer was. The judge contrasted the position of a disclaimer with that of a limitation. In the case of a limitation, the proprietor of the mark agrees that a similar (but not identical) mark outside the limitation will not count as an infringement even if (but for the limitation) it would have been regarded as confusingly similar to the registered mark.1020

A disclaimer is different. The effect of a disclaimer is that the trade mark owner recognises that what is disclaimed is not in itself distinctive of the origin of the goods or services in question. Accordingly, there is no infringement of the trade mark where the

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only similarity between the marks in question pertains to those features that have been disclaimed.

Matters were complicated in this case by the fact that this specific disclaimer had been added because, at the time of registration, it had not been legally possible to register the shape of goods as a trade mark. The Trade Marks Act 1994, however, permitted the registration of the shape of goods. In addition, the mere registration of a two-dimensional picture of a bottle would prevent the implementation of that picture in three-dimensional form. L’Oreal, therefore, contended that these changes in the law meant that it could now rely on its two-dimensional mark to prevent the manufacture of a three-dimensional article according to the design set out in the mark.

The judge disagreed. The whole of the registered mark, including the disclaimer, had the same effect as if it were registered under the 1994 Act. The “use” of the mark that had been disclaimed included a three-dimensional implementation of the picture, and it therefore followed that the manufacture of a bottle was still not an infringement. If a trade mark owner whose mark was registered under the old law with such a disclaimer wished to enlarge the scope of the monopoly granted by its mark, it would have to apply to register the mark once again without the disclaimer.

### III.A.1.a. Blurring

A number of cases that recently came before the English courts addressed the scope of the antidilution provisions in European trade mark law. The uncertainty in this area has led the English Court of Appeal to refer a number of questions to the European Court of Justice.

One such case is *L’Oreal SA v. Bellure NV*,1021 a trade mark infringement action relating to “look-alike” and “smell-alike” versions of L’Oreal’s high-quality perfumes.

In assessing L’Oreal’s dilution claims under Section 10(3)1022 of the Trade Marks Act 1994, the High Court judge noted that while non-confusing association with a registered trade mark was a sufficient association, it was also necessary for a claimant to show that this association affected the economic behaviour of the consumer and that the mark had a reputation. A reputation means that the mark has to satisfy a “knowledge threshold,” which means

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1022. Implementing Article 5(2) of the EC Trade Marks Directive.
that the mark is known by a significant part of the public concerned by the products or services covered by that mark.1023

While it was accepted that L’Oreal’s word marks TRÉSOR and MIRACLE had such a reputation, the defendants did not accept that this was the case so far as the bottle and packaging marks were concerned. Given the evidence before the court that advertising of these products made extensive use of images of the packaging and the bottles and that the bottles were treated by many consumers as “collectables,” the court held that the bottle and packaging marks possessed the necessary reputation held by the relevant public.

Generally, the claims brought by L’Oreal under Section 10(3) failed, given that the level of similarity between L’Oreal’s marks and the “smell-alike” products were not sufficient for even non-confusing association to have occurred. However, there were two notable exceptions, the cases involving the original versions of the LA VALEUR box and the PINK WONDER bottle. These were considered sufficiently similar to L’Oreal’s TRÉSOR box and MIRACLE bottle as to give rise to a link in the mind of the average consumer.

The judge also held that these two products took unfair advantage of L’Oreal’s marks. In each case, the similarities were deliberate. They “winked” at the packaging of the corresponding premium brands. The two fragrances that the defendants had chosen had been well promoted and extensively advertised by L’Oreal, and the defendants’ products benefited from that marketing. The “smell-alikes” sold as a result of the reputation of the originals.

The defendants’ products were therefore “free riding” on the reputation of L’Oreal’s products, and deliberate free riding did not provide “due cause” for the purposes of Section 10(3).

In In re Application No. 2326324 by Coca-Cola Company to Register a Trade Mark in Class 32,1024 the UK Trade Marks Registry held that Coca-Cola’s application to register the mark IPSEI offended not only Section 5(2) of the Trade Marks Act 19941025 but also the antidilution provisions in Section 5(3).1026 In particular, the hearing officer held that the IPSEI mark would materially benefit from the strength of its association with PEPSI

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1025. A further description of this aspect of the case is to be found at I.D.1. Similarity of Marks.
and would therefore take unfair advantage of Pepsi’s marks. The uniqueness of the PEPSI brand would be diluted by the presence of a similar mark, thereby causing detriment to the PEPSI mark.

In addition, there was a dispute between the parties as to the test to be applied in determining whether unfair advantage or detriment had been established. The hearing officer thought that the relevant authorities had established a high threshold test that required a complainant to show that there was actual unfair advantage or detriment to it, or that these adverse consequences were a reasonable or foreseeable consequence. The mere risk of these consequences was not sufficient. In Spa Monopole, compagnie fermière de Spa SA/NV v. OHIM,1027 the European Court of First Instance (CFI) had referred to “prima facie evidence of future risk,” but the hearing officer rejected Pepsi’s contention that this decision had introduced a lower threshold test.

While the hearing officer accepted that confusion is not a requirement of Section 5(3), the degree of association between the registered mark and the mark applied for is nevertheless important. There is a range of possible associations, from confusing association at one end of the scale to a mere fleeting reminder at the other. According to the hearing officer, a mere “calling to mind” association is unlikely to cause the unfair advantage or detriment required. In the current case, the survey evidence showed that the association was a strong one.

The survey evidence also suggested that the strength of the association with PEPSI was such that a soft drink marketed under the brand IPSEI would benefit to a sufficiently material extent such that it reached the level of an unfair advantage.

The hearing officer also held that there was detriment in the sense of blurring of distinctiveness of the PEPSI mark. He referred to the well-known statement of the Advocate General in Adidas-Salomon1028 that “if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more.” The case before him was somewhat different because the fields of trade were the same, and the marks were similar but not identical. Nevertheless, the effect in terms of detriment to distinctive character was the same. The uniqueness of the PEPSI mark in the marketplace would be diluted by the presence of a similar mark that was shown to have a considerable capacity to spontaneously generate consumer expectation of a link with the well-known brand. Accordingly, the opponent also succeeded in this aspect of its case under Section 5(3).

In *Hachette Filipacchi Presse S.A. v. Saprotex International (Proprietary) Ltd.*,1029 the High Court dismissed an appeal by Hachette, the owner of the ELLE magazine and clothing brand, pursuing its opposition to registration of the mark ELLE for knitting yarns.

The grounds of the opposition included allegations of likelihood of confusion under Section 5(2) and unfair advantage under Section 5(3) of the Trade Marks Act. So far as the Section 5(3) claim was concerned, the hearing officer had adopted the “economic behaviour” test suggested by Geoffrey Hobbs QC, sitting as a deputy High Court judge in *Electrocoin Automatics Ltd v. Coinworld Ltd*1030. Would the economic behaviour of the actual or potential purchaser of ELLE brand knitting wool or knitting yarn be influenced to a material extent as a result of any association that might be made with the goods for which the opponent’s mark had a reputation? For instance, would Saprotex’s sale of knitting wool increase to a material extent (or at all) as a result of such an association? In the hearing officer’s view it would not, or, if it did occur at all, it was likely to be to an immaterial extent. Accordingly, the aspect of the opposition addressing unfair advantage failed.

The High Court, noting that there was no suggestion that the hearing officer was misdirected as to the relevant legal principles, refused to overturn his conclusions of fact in this respect.

In *Intel Corporation Inc. v. CPM United Kingdom Ltd.*,1031 the English Court of Appeal considered an application by Intel for a declaration of invalidity of the trade mark INTELMARK. The mark had been registered by CPM United Kingdom Ltd in respect of marketing and telemarketing services. That application had initially been dismissed by the hearing officer, and Intel appealed to the High Court. Its appeal was also dismissed,1032 but Lord Justice Jacob granted Intel permission to bring the matter before the Court of Appeal because it seemed to him that the case potentially raised a difficult and important question of European trade mark law.

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1029. [2007] EWHC 63 (January 24, 2007) (Ch.), available at http://www.bailii.org/ew/cases/EWHC/Ch/2007/63.html. For a fuller description of the facts of this case and the Section 5(2) allegation, see I.D.2. Similarity of Goods or Services. The case also raised a number of procedural issues, which are considered at III.H.6. Procedure.


1032. [2006] EWHC 1878 (July 26, 2006) (Ch.).
Intel is the proprietor of a large number of UK and Community trade mark registrations in respect of the marks INTEL and INTEL INSIDE in Classes 9, 16, 38, and 42. CPM applied for and obtained registration of the mark INTELMARK in January 1997. Intel applied for a declaration of invalidity of that mark on the ground that the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or the reputation of Intel’s earlier trade marks, contrary to Article 4(4)(a) of the EC Trade Marks Directive and Article 8(5) of the Community Trade Mark Regulation.

By the time the case reached the Court of Appeal, Intel had abandoned the claim that the use of INTELMARK for marketing and telemarketing services would amount to passing off, and the case proceeded on the basis that the use of INTELMARK did not suggest a trade connection with Intel. However, the Court of Appeal accepted that (1) there was a “huge reputation” in the word INTEL for microprocessor products; (2) INTEL was not used by anyone for any goods or services other than those of Intel Corp; (3) INTEL was “an invented word with no meaning or significance beyond the products which it identifies”; and (4) the reputation of the mark was such that the average consumer would “focus on INTEL in INTELMARK, at least so as to bring to mind the INTEL mark”.

While the question in this case was whether CPM’s registration was contrary to Article 4(3) of the Directive, because the wording of Article 4(4)(a) is mirrored in Article 5(2) of the Directive, the test was the same as that in infringement proceedings. So, the real question was “whether Intel’s registration for dissimilar goods preclude[d] use of Intelmark for CPM’s dissimilar services.”

The European Court of Justice (ECJ), in Adidas-Salomon AG v. Fitnessworld Trading Ltd., had stated that it was a requirement in such a case that the public “establishes a link” between the two marks. However, the exact nature of that link was unclear.

Consequently, the Court of Appeal thought it necessary to put a number of questions to the ECJ. As is customary, the court also gave its view as to what the answers to those questions should be.

The first question was whether the factors identified by the Court of Appeal as existing in this case were sufficient to establish

1034. Implemented by Section 5(3) of the Trade Marks Act of 1994, as amended by Regulation 7 of the Trade Marks (Proof of Use etc) Regulation 2004.
a link, as set out by the court in Adidas-Salomon, and/or unfair advantage and/or detriment within the meaning of Article 4(4)(a).

Lord Justice Jacob, giving the opinion of the court as a whole, thought the answer to this question was no. In his view, a “link” requires more than such an association between two marks. They need to cause the consumer to think that there is a trade connection between the owner of the first mark and the user of the latter, or at least to wonder whether there is such a connection. Alternatively, the same result could be achieved by a correct interpretation of the requirement in Article 4(4)(a) that the use must be “detrimental to the distinctive character or repute of the earlier trademark.” Only if there is harm to the distinctiveness of the mark for the goods or services for which it was registered should Article 4(4)(a) come into play.

The second question was that if the factors identified were not sufficient, what factors should the national court take into account? Specifically, in the global appreciation to determine whether there is a “link,” what significance is to be attached to the goods or services in the specification of the later mark?

In Lord Justice Jacob’s view, the factors were: (1) whether, having regard to the nature of the goods or services for which the later mark is used, the average consumer would consider that there is an economic connection between the owners of the two marks; and (2) whether the distinctiveness or repute of the earlier mark for the goods or services for which it is registered is really likely to be affected if the later mark is used for the specific goods or services covered by its registration.

The third and final question put to the ECJ was, What is required in order to satisfy the condition of detriment to distinctive character?

According to Lord Justice Jacob, the factors to be considered were: (1) whether the “pulling power” of the earlier mark was really likely to be affected; (2) whether the user of the later mark was likely to get a real commercial advantage from its use for its specific goods or services by reason of the repute of the earlier mark; (3) whether, if the earlier mark was unique, it really mattered that it was used for the dissimilar goods or services; (4) where the later mark was not the same as the earlier mark, what difference that would make on the average consumer, and in particular whether there was “merely a calling to mind of the earlier mark”; (5) whether the economic behaviour of the average consumer in relation to the earlier mark was likely to be affected; (6) how inherently distinctive the earlier mark was; and (7) how strong the reputation of the earlier mark for its goods or services was.

Clearly, the view of the English Court of Appeal is that the antidilution provisions of European trade mark law should be
interpreted relatively restrictively. In the opinion of Lord Justice Jacob, “sometimes . . . trade mark owners of big brands want more protection than they really need.” Ultimately, however, it is the ECJ’s view on these matters that is important, and brand owners will await its decision with great interest.

The question of what constitutes unfair advantage or detriment for the purposes of the dilution provisions in European trade mark law was also considered in esure Insurance Ltd v. Direct Line Insurance plc.1037 Direct Line, which was the proprietor of a number of trade marks that took the form of a telephone on wheels, objected to esure’s application to register, in relation to identical insurance services, a mark that took the form of a computer mouse on wheels. It alleged that there was likelihood of confusion and that use of esure’s mark would result in unfair advantage or detriment.1038

In the Trade Mark Registry, the hearing officer held that Direct Line had made out its allegation of unfair advantage and detriment. The matter was appealed to the High Court.

Mr. Justice Lindsay reviewed the case law on unfair advantage and detriment, including the recent decision in L’Oreal SA v. Bellure NV, and agreed with the view expressed in that case that there had to be a causative link between the application of the mark complained of and the blurring or tarnishment alleged to occur. In addition to this causative link, the judge stated that the ECJ in Adidas-Salomon1039 required an additional link, albeit not one involving confusion, made by the public between the trade mark and the applied-for mark and arising out of a certain degree of similarity between them. Where the causative link and the additional link identified in Adidas were not plain and obvious, the Sigla1040 case made it clear that the opponent must prove this. However, proof was not limited to facts properly put forward in evidence, in the sense that the court could have regard to facts that are well-known (i.e., that are likely to be known by anyone or that may be learned from generally available sources).

As far as advantage or detriment was concerned, according to the CFI in Sigla, the proprietor of the earlier mark is not required to demonstrate actual and present harm to the mark. Prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment is sufficient. The stronger the earlier

1038. For fuller details of the facts of this case and the court’s conclusions as to likelihood of confusion, see I.D.1. Similarity of Marks.
mark’s distinctive character and reputation, the easier it will be to accept that detriment has been caused.

Mr. Justice Lindsay also noted the comments of the Court of Appeal in Intel Corporation Inc. v. CPM United Kingdom Ltd\textsuperscript{1041} to the effect that trade mark owners of big brands wanted more protection than they really needed, but noted that these comments were directed to a case where the goods and services concerned were dissimilar.

In the case before him, Mr. Justice Lindsay noted that the hearing officer had stated that when assessing detriment or unfair advantage it was necessary to show, on the balance of probabilities, that the event would occur. This was too stringent a test. Direct Line had to show a non-hypothetical future risk of detriment or unfair advantage. This was a technical area where evidence from advertising, marketing and commercial men was more likely to carry the day.

In the judge’s view, there was sufficient evidence in the current case to satisfy the necessary link between the two marks. As far as risk of detriment or unfair advantage was concerned, there was evidence in the form of a witness statement from the deputy chairman of an international branding consultancy. This witness stated that if Direct Line’s telephone-on-wheels mark was required to share distinctive features (wheels and/or colour) with esure’s mouse, the distinctive character of Direct Line’s mark would be so reduced that it would not be wise for Direct Line to continue to promote that mark because it could not be confident that such promotion would not benefit esure. There was evidence the other way, but the hearing officer had made no error of principle in coming to his conclusion that there was unfair advantage. Similarly, the use of esure’s mark would blur Direct Line’s unique identity in the insurance market as the only company using a non-vehicular wheeled device or logo in connection with the provision of insurance and financial services. Therefore, this aspect of the hearing officer’s decision was upheld. Accordingly, the decision that the ESURE trade mark should not be registered stood.

**III.A.1.b. Tarnishment**

In L’Oreal SA v. Bellure NV\textsuperscript{1042} L’Oreal commenced High Court proceedings in relation to “look-alike” and “smell-alike” versions of L’Oreal’s high-quality perfumes.

\textsuperscript{1041}. See supra, text accompanying notes 1030-35.

L’Oreal partially succeeded in this case on the basis of Section 10(3) of the Trade Marks Act 1994, because some of the products in question were “free-riding” on the reputation of L’Oreal’s products. Of interest, however, is the rejection of L’Oreal’s contention that it should also succeed on the ground that these “smell-alike” products tarnished the reputation of L’Oreal’s marks.

The “smell-alike” products were sold in downmarket outlets such as market stalls. The judge accepted that if and insofar as L’Oreal’s products were displayed or sold alongside the “smell-alikes” at such outlets, L’Oreal’s mark might well be tarnished. However, such damage would be due to the place of sale of these products rather than the marks used by the defendants on the “smell-alike” products. The damage would be done even if no “smell-alike” products were sold at the same time. The tarnishment claim, accordingly, failed.

III.A.2. Passing Off

In L’Oreal SA v. Bellure NV, in addition to bringing claims under the Trade Marks Act 1994, L’Oreal initiated proceedings for passing off in relation to “look-alike” and “smell-alike” versions of its high-quality perfumes.

The judge noted that L’Oreal did not argue that the smell of a “smell-alike” product could itself be regarded as a misrepresentation of the trade origin of the “smell-alike.” However, it did contend that the fragrance of a particular perfume was part of the goodwill of the brand. This assertion the judge rejected. In Yves St. Laurent Parfums v. Louden Cosmetics Ltd, the High Court had held that there was nothing unlawful about one perfumer’s reproducing the olfactory qualities of the product of another perfumer.

The court also rejected L’Oreal’s contention that, whatever the traditional boundaries of passing off might have been, now it was sufficient to show “unfair competition” and it was no longer necessary to prove any misrepresentation. L’Oreal had relied in this respect upon the obiter comments of Lord Justice Aldous in the Court of Appeal in Arsenal Football Club v. Reed. Lord Justice Aldous’s comments in turn had relied upon the comments in an earlier decision of Mr. Justice Cross regarding the “Spanish

1043. For details of this aspect of the case, see III.A.1.a. Blurring.
champagne cases.” These cases perhaps showed that deception under the law of passing off was not limited to a deception that the goods were those of the claimant, but deception or misrepresentation of some sort was nevertheless still necessary.

The court also rejected L’Oreal’s contention that the defendants’ products were instruments of fraud and deception, within the ambit of that term as explained by Lord Justice Aldous in *British Telecommunications plc v. One In A Million Ltd.*

An “instrument of deception,” for purposes of the law of passing off, was an article or product that was so inherently deceptive that its existence in the marketplace constituted an actionable passing off. In effect, an instrument of deception was a misrepresentation waiting to happen, which needed only exposure to the eyes, ears, or (in the instant case) nose of the ultimate consumer to complete the tort.

In these circumstances, the passing-off claims in this case did not significantly add to L’Oreal’s trade mark law claims.

### III.A.3.b. Criminal Actions

In *West Sussex County Council v. Kahraman*, a Turkish market trader, Habib Kahraman, was charged by West Sussex County Council before the Justices for West Sussex with the sale of counterfeit clothing bearing well-known trade mark brands, such as TED BAKER and DIESEL, contrary to Section 92(1)(b) of the Trade Marks Act 1994.

Kahraman admitted that he had offered the goods for sale. However, he pleaded not guilty to the charges, relying on the defence contained in Section 92(5) of the Act. Kahraman claimed that he had purchased the counterfeit goods for £380 from a man known to him only as “John” and had understood that the

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1050. Section 92(1) of the Act provides:

A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor— . . .

(a) applies to goods or packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or

(b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign. . . .

1051. Section 92(5) of the Act provides: “It is a defence for a person charged with an offence under this section to show that he believed on reasonable grounds that the use of the sign in the manner in which it was used, or was to be used, was not an infringement of the registered trade mark.”
price was low because the clothing was “clearance stock.” He claimed that he had no reason to doubt John’s truthfulness or honesty, especially because John supplied goods to other traders. Kahraman stated that he was a Turkish national and an inexperienced market trader, and was therefore reliant on observing the practises of the other stall holders. He also maintained that without seeing the originals he had no way of knowing that the goods were counterfeit.

The justices found Kahraman not guilty on the basis that he had believed, on objectively reasonable grounds, that he was not infringing the Act. The prosecution appealed by way of case stated. The question put to the High Court was whether there was sufficient evidence upon which a reasonable bench could properly find that Kahraman had reasonable grounds for his belief, given that there was no evidence that he had taken any action to establish whether the goods were counterfeit.

The High Court found that Kahraman’s belief was not reasonable. It noted that in R v. Johnstone the House of Lords had held that the defence could be raised both where the defendant claimed ignorance of a registered trade mark and where he knew about the mark and believed that his acts did not constitute infringement. However, as the Court of Appeal had recognised in R v. Rhodes, because a trader could search the register, it would be extremely difficult to establish a belief involving ignorance of a registered mark. R v. Johnstone had also made it clear that whether or not a person has a reasonable belief as to the lawfulness of his actions is an objective test and the burden of proof lies with the defendant. Accordingly, a market trader who purchased designer goods at low prices from an unknown person without taking any steps to establish whether the goods were counterfeit could not begin to discharge the burden of proof imposed by Section 92(5). It was not sufficient to say that he was new to the trade or that he had relied on the actions of other stall holders. The defence of reasonableness applied in an equal manner to the experienced and the inexperienced. No reasonable person would have taken the risk of selling the goods with these marks, and therefore the Section 92(5) defence did not apply to Kahraman.

It is interesting to compare the Kahraman case with the decision of a judge in the Newark Magistrates Court in *Nottinghamshire County Council v. Woolworths Plc*.

In that case, Trading Standards brought criminal proceedings in the Newark Magistrates Court against Woolworths Plc under Sections 92(1)(a) and 92(1)(b) of the Trade Marks Act 1994. It alleged that the well-known retailer had sold football shirts that bore a crest that was likely to be mistaken for the “FA crest,” a trade mark of which the Football Association was the registered proprietor. The FA crest takes the following form:

![FA crest](image)

The football shirts carried a badge featuring a large cross, three lions, and a shield. However, the three lions were radically different in design and did not fill the shield. The Woolworths buyer who had selected the shirts had obtained assurances from the seller’s sales agent that the use of this badge on the shirts did not infringe the Football Association’s mark. However, she did not refer the matter to Woolworth’s legal department or make direct enquiries of the Football Association or the seller.

The court dismissed the prosecution under Section 92(1)(a). The word “applies” in that section should not, as Trading Standards had contended, be given the wide meaning that it bore in the Trade Descriptions Act 1968, which caught everyone in the chain through which goods passed to the ultimate customer. Instead, it should be ascribed its ordinary English meaning. It was clear that Woolworths had not in this case “applied” the relevant mark to the shirts.

This still left the Section 92(1)(b) allegations. Therefore, the court had to consider whether the badge on the shirts was likely to be mistaken for the Football Association’s mark. The prosecution

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1055. See note 1049 for the text of this provision.
claimed that in answering this question the court should take into account all the surrounding circumstances. These included a swing tag that was headed “supporter wear” and that stated that the “garment ha[d] been specially designed for supporters of English football,” and a bar code label affixed by Woolworths that stated “England Kit with Three Lions.” The defence contended that the court should focus solely on the badge and the mark, and simply decide whether an average person would be likely to mistake one for the other.

The court concluded that the defence’s approach was the right one. There were a number of reasons why this was to be preferred. They included the fact that it was the approach that was most consistent with the wording of the section and that provided a straightforward test that was more appropriate in criminal proceedings. Given this rationale, the judge concluded that the differences between the badge and the Football Association’s mark were such that there was no likelihood of one’s being mistaken for the other by an average person.

Further, the prosecution conceded that even if the badge should be mistaken for the mark, it would be necessary, following the decision of the House of Lords in the Johnstone case,\textsuperscript{1056} to show that the badge was being used as an indication of trade origin. The judge noted that in Arsenal Football Club Plc v. Reed\textsuperscript{1057} the ARSENAL mark on a football scarf was being used both as an indication of origin and as a badge or symbol of allegiance. In the current case, however, the judge was unconvinced, bearing in mind the criminal standard of proof that applied, that the average consumer would have perceived the badge as anything other than a symbol of allegiance. The sales of this product had taken place at a time when the EURO 2004 football tournament was imminent. Persons purchasing the shirt might well have required nothing more than a cheap football-type shirt with some indication denoting England. A garment with a rose or three lions was an obvious one to choose, given that these emblems had been associated with England for centuries.

On this basis, the prosecutions under Section 92(1)(b) were also dismissed. The judge noted, however, that if he was wrong in his assessment, Woolworths would have been unable to raise the defence that it believed on reasonable grounds that the use of the badge in the manner it was used would not be an infringement of the registered trade mark. A reasonable person in the position of the Woolworths buyer in this case would have contacted the shirt supplier or the Football Association directly, or, more


appropriately, Woolworths’ own legal department. Woolworths
could not rely upon that defence when it had not done so.

Therefore, while the differences between the marks were such
that the criminal prosecution failed, the Woolworths case is yet a
further example of the near-strict-liability nature of Section 92 as
far as knowledge of infringement is concerned.

### III.A.7. Advertising

In *O2 Holdings Ltd v. Hutchinson 3G Ltd*,\(^{1058}\) the Court of
Appeal referred to the European Court of Justice (ECJ) a number
of fundamental questions as to the interaction between European
trade mark law and the European comparative advertising
legislation.

O2 alleged that Hutchinson, in a television advertisement for
its “3” branded mobile phone service, had infringed four of O2’s
registered trade marks. These marks took the form of static
pictures of bubbles, and the specification of goods and services
included telecommunications apparatus and telecommunication
services. Two of the marks were alleged to be infringed under
Article 5(1)(b)\(^{1059}\) of the EC Trade Marks Directive and the other
two under Article 5(2).\(^{1060}\) One of the two marks alleged to have
been infringed under Article 5(1)(b) took the following form, in
colour and monochrome:

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ew/cases/EWCA/Civ/2006/1656.html. *See also* III.C. Injunctions and Damages.

1059. Implemented by Section 10(2) of the Trade Marks Act 1994.

1060. Implemented by Section 10(3) of the Trade Marks Act 1994.
The evidence clearly established that images of bubbles in water in the context of mobile phones had become associated with O2 and none other. The Hutchinson advertisement had featured bubbles during that part of the advertisement which made a comparison between the “3” service and O2’s service.

O2’s claims were rejected by the High Court. It held that Hutchinson’s use of bubbles was prima facie Article 5(1)(b) trade mark infringement. However, it also held that because the advertisement did not fall afoul of the six tests provided in Article 3(a)(1) of the EC Comparative and Misleading Advertising Directive, Article 6(1)(b) of the EC Trade Marks Directive provided Hutchinson with a valid defence to infringement.

O2 appealed the court’s finding on Article 5(1)(b) infringement. As well as resisting that appeal, Hutchinson maintained that the judge was wrong to find that the advertisement fell within Article 5(1)(b) at all.

Hutchinson contended that in this case the mark was being used “purely descriptively,” and, relying upon the authority of Hölterhoff v. Freiesleben, such use was not use of a “sign” for the purposes of Article 5(1)(b).

O2 argued that in a comparative advertisement the advertiser is actually using the rival’s mark in two ways, first to refer to the rival’s goods or services and then as a way of describing the advertiser’s own goods. If a man says, “My film is half the price of Kodak and just as good,” he is using Kodak in both of those ways. The facts in Hölterhoff were not clear, but it would appear that the mark was not being used referentially.

The court accepted that the law here was unclear, and it referred the following question to the ECJ:

Where a trader, in an advertisement for his own goods or services[,] uses a registered trade mark owned by a competitor for the purpose of comparing the characteristics (and in particular the price) of goods or services marketed by him with the characteristics (and in particular the price) of the goods or services marketed by the competitor under that mark in such a way that it does not cause confusion or otherwise jeopardise


1063. Article 6(1)(b) provides that “[a] trade mark shall not entitle the proprietor of a trade mark from using, in the course of trade, . . . indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services. . . .”

the essential function of the trade mark as an indication of origin, does his use fall within either (a) or (b) of Art 5(1) of Directive 89/104 . . . ?\textsuperscript{1065}

As is now customary, the Court of Appeal went on to give its own view. Lord Justice Jacob, giving the opinion of the court, stated that the answer to this question was no. In a comparative advertisement, the defendant was in no way using the mark to indicate trade origin. There was no reasonable need for trade mark law to cover this kind of use. If comparative advertising is unfair, is derogatory, or otherwise fails to comply with all the conditions of the EC Comparative and Misleading Advertising Directive, there are independent mechanisms for dealing with it, which come into play whether or not the victim of the advertising has a registered mark. There was “no need for the law of registered trade marks to get involved with any of this.”

If the ECJ disagreed, the question then arose as to how the Comparative and Misleading Advertising Directive interacted with European trade mark law (and, indeed, intellectual property rights in general). In the opinion of the court, comparative advertisements fell within Article 6.1(b) of the EC Trade Marks Directive provided they were “in accordance with honest practices in industrial or commercial matters.” If the advertisement were not compliant with the conditions of Article 3(a) of the Comparative and Misleading Advertising Directive, it would not be honest regardless of whether it was actually misleading. This, according to the court, was acte clair.

This still left a difficulty as to whether the Article 3(a) conditions imposed a requirement of “necessity.” According to O2, they did. While it was necessary to use the O2 name to advertise comparatively against it, use of the bubble marks was not a necessity. The court considered the case law on this issue to be unclear, so this question also was put to the ECJ. In the Court of Appeal’s opinion, the answer should again be no. If the use of the O2 mark was necessary because it was needed to make a comparison effective, why should the use of a subsidiary mark, which was intended to make the advertising more effective, be regarded as illegitimate?

Last, O2 argued that even if the Comparative and Misleading Advertising Directive permitted the use of a subsidiary mark, it allowed the use only of exactly that mark, rather than, as here, a mark that was confusingly similar. Accordingly, the Court of Appeal also asked the ECJ whether, if there was a requirement of indispensability, that requirement precluded the use of a

\textsuperscript{1065} This is not quite the question that appears in the judgment, but for confirmation from Lord Justice Jacob that this is the question that was referred to the ECJ, see Boehringer Ingelheim Ltd v. Vetplus Ltd, [2007] EWCA Civ 583, at para. 22 (June 20, 2007), available at www.bailii.org/ew/cases/EWCA/Civ/2007/583.html.
confusingly similar mark. In the court’s opinion, it was not necessary to use an identical mark because that could lead to absurd results. For example, suppose a defendant truly said, “My cars are as good as Ford, but cheaper.” He would be using the plain word “Ford” and not Ford’s well-known registered logo, and yet the plain word obviously would be confusingly similar to the registered logo. To say that he could make the comparison only by using the registered logo and not the word itself would, as a practical matter, preclude any comparative advertising.

In *L’Oreal SA v. Bellure NV*, the High Court considered the use of registered trade marks on comparative price lists comparing L’OREAL perfumes with “look-alike” and “smell-alike” products. This was merely one aspect of the case, but it is interesting given that the judge approached the matter as potentially falling within the defences provided by Article 6(1)(b) of the Trade Marks Directive. The question arose whether this use was “in accordance with honest commercial practices,” upon which the Article 6(1)(b) defence depends.

The judge followed his own reasoning in *O2 Holdings v. Hutchison 3G* to the effect that for comparative advertising to be “in accordance with honest practices” it is necessary that it comply with the provisions of the EC Comparative and Misleading Advertising Directive. Given his findings that in the case of certain “look-alike” perfumes these perfumes were “free-riding” on the back of L’Oreal’s fragrances, in the judge’s opinion it followed that use of L’Oreal’s trade marks in comparative price lists in relation to those “look-alike” perfumes infringed those marks.

In *Boehringer Ingelheim Ltd v. Vetplus Ltd*, Boehringer sought an interim injunction from the Court of Appeal in respect of a comparative advertisement produced by Vetplus. The parties agreed that Boehringer had an arguable case for trade mark infringement. However, Vetplus claimed that it had a defence to

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1067. A fuller description of the facts of the case is to be found at I.D.1. Similarity of Marks.

1068. That is, “indications concerning the kind quality, quantity, intended purposes, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services.” This article is implemented in the United Kingdom through Section 11(2)(b) of the Trade Marks Act 1994.


that claim under Article 6(1) of the EC Trade Marks Directive, as its actions were “honest” because it had a reasonable belief that its statements were correct.

Lord Justice Jacob rejected that contention. An individual who made a damaging statement involving the use of another’s mark that he reasonably believed to be true at the time but that later turned out to be untrue would not be acting in accordance with an honest practice if he were not prepared to compensate the owner of the damaged mark. Lord Justice Jacob believed that the terms of the Misleading and Comparative Advertising Directive confirmed this position. They provided that a comparative advertiser will be acting in accordance with “honest practices” if he does so in accordance with the conditions of Article 3(a) of the Directive. One of these conditions is that the advertising must not be misleading. If an advertisement were in fact misleading, however honestly the advertiser believed what he said at the time, the advertiser would be outside the directive.

III.A.8. Parallel Imports/Gray Marketing

In Mastercigars Direct Ltd v. Hunters & Frankau Ltd, the Court of Appeal held that the parallel importation of Cuban cigars into the European Economic Area (EEA) did not constitute trade mark infringement. In doing so, it overturned the judgment of HHJ Fysh QC, sitting as a judge of the Chancery Division. This was a rare case in which the court held that although the trade mark owner had not expressly consented to the importation, its actions could nevertheless be interpreted as indicating unequivocal consent.

Corporacion Habanos SA (HSA), a Cuban joint venture company, was 50 percent owned by a Cuban subsidiary of the Cuban state tobacco company. The Cuban government granted HSA the exclusive rights to buy, sell, and market, nationally and internationally, rolled tobacco of Cuban origin. Hunters & Frankau was HSA’s sole and exclusive UK distributor.

An informal arrangement between HSA and cigar outlets in Cuba imposed a restriction on the maximum value of a purchase that an individual could make per visit. In most cases that limit was US $2,000, but in the case of the Casas del Habanos outlets that limit was approximately US $25,000. Mastercigars purchased ten consignments of cigars from Casas del Habanos and imported them into the United Kingdom.

Following the decision of the ECJ in *Zino Davidoff SA v. A & G Imports Ltd*, 1073 it was clear that a trade mark owner could prevent all third parties from importing goods bearing his trademark into the EEA in the absence of unequivocal consent to that importation. Normally, this would require an express statement of consent, but it could in some cases be inferred. It was for the trader alleging consent to prove it, and not for the trade mark proprietor to demonstrate its absence. Implied consent could not be inferred from the mere silence of the trade mark proprietor, nor from the failure to communicate his opposition to marketing, nor from the fact that the proprietor transferred the ownership of the goods without imposing a contractual reservation. This was so even if, under the relevant contract law that applied to the sale, the rights transferred ordinarily included an unlimited right of resale.

According to the Court of Appeal, the evidence in this case showed that HSA exhibited some degree of control over the staff in the Casas del Habanos outlets through disciplinary measures and the ability to interview them. These entities also understood that domestic sales to foreigners would be a good source of hard currency and that sales within Cuba would affect the overseas market. Further, the invoices that HSA supplied to the Casas del Habanos, which were given to each customer, stated, “Show this voucher at Custom House on leaving the country,” in Spanish, English, French, and German. As German was not spoken anywhere outside the EEA (other than in Switzerland), this was evidence of the fact that HSA allowed export to Germany. The limit of US $25,000 also made it clear that sales made were well above what was necessary for purely personal consumption.

In the words of Lord Justice Jacob, it seemed “blindingly obvious” that HSA was effectively saying to the Casas del Habanos, “You can sell these small but commercial quantities to foreigners and if you do you must give them the appropriate documentation so they can go through Customs so they can take them home to sell.” It therefore followed that HSA had consented to the importation of these products into the EEA.

**III.E.1. Injunction**

In *Red Dot Technologies Ltd v. Apollo Fire Detectors Ltd*, 1074 the High Court rejected Red Dot Technologies Ltd’s application for an interim injunction against Apollo Fire Detectors Ltd. Red Dot was the owner of the UK registered trade mark RAFIKI, for goods in Class 11. Apollo had issued a chart featuring the RAFKI trade mark to compare its fire-alarm-related products with those of Red

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1074. [2007] EWHC 1166 (April 24, 2007) (Ch.).
Dot’s subsidiary, Rafiki Fire Protection Ltd, so as to show that Apollo had a wider product range than Rafiki.

Red Dot claimed that Apollo’s use of the RAFIKI trademark in the chart was an infringement under either Section 10(1) or Section 10(3) of the Trade Marks Act 1994. It also claimed that because the chart was misleading and did not comply with the requirements of the EC Comparative and Misleading Advertising Directive, a defence was not available under Section 10(6) of the Trade Marks Act.

Mr. Justice David Richards held that this was a case that involved the right to freedom of expression under Article 10 of the European Convention on Human Rights. In such a case, Section 12(3) of the Human Rights Act 1998 provides that a court should not restrain publication before trial unless the claimant was more likely than not to establish at trial that the publication should not be allowed. However, the House of Lords held in Cream Holdings Ltd v. Banerjee that where a short-lived injunction was required a lesser degree of likelihood would suffice. As in the current case an injunction was being sought pending a full hearing of the application three weeks later, the lesser threshold applied.

The judge noted that in O2 Holdings Ltd v. Hutchinson 3G Ltd the Court of Appeal had referred the question of whether such use in comparative advertising fell within Section 10(1) to the European Court of Justice. However, he considered Lord Justice Jacob’s analysis in that case, to the effect that comparative advertising was not trade mark use within the ambit of Section 10(1), to be “very powerful.” Therefore, as matters stood, Red Dot was unlikely to establish infringement at trial under Section 10(1), and no interim injunction should be granted on that ground.

It was, however, not yet possible to judge the prospects of success of the Section 10(3) claim. Similarly, it was not possible, in the absence of further evidence and submissions, to form a view on the respective merits of the parties’ positions on the Section 10(6) defence, save to say that each appeared to have a seriously arguable case. Consequently, it was necessary to adopt the conventional American Cyanamid approach and to consider

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1075. Implementing Articles 5(1)(a) and 5(2) of the EC Trade Marks Directive.
whether the inconvenience to the defendant, if the injunction were granted, would outweigh the convenience to the claimant.

Significantly, at this last stage, the judge accepted that interference with Apollo’s freedom of expression was, in addition to engaging Section 12(3) of the Human Rights Act, a factor that should be taken into account in the assessment of the balance of convenience. In this case, it decisively weighed against the grant of an injunction.

In *Riemann & Co v. Linco Care Ltd.*, Riemann, the manufacturer of the sunscreen product P20, was granted an injunction by the High Court restraining sales of Linco’s rival C20 product. Riemann owned two Community trade marks, one for the word P20 and another for the mark P20 in stylised form. In February 2007, Linco launched its C20 product, which was marketed at a price lower than P20 and in similar packaging.

In its application, Riemann alleged that the sale of the C20 product by Linco amounted to trade mark infringement and passing off. Following the receipt of a letter before action from Riemann, Linco changed its packaging to remove some of the alleged similarities but retained the C20 product labelling. Riemann applied for an interim injunction to restrain the sales of Linco’s C20 product.

Linco conceded that Riemann had an arguable, but weak, case under the Community Trade Mark Regulation and under the law of passing off. Thus, the court was confined to undertaking the balance of convenience assessment in relation to the grant or refusal of the injunction sought, pending a trial that was likely to take place in early 2008.

A particularly interesting aspect of the case was the adoption by the judge of what he labelled a “fairness” test. This test, in the judge’s view, pointed toward rather than away from the grant of interim relief. The judge illustrated this by using a comparison of the effects on both parties if the injunction were granted or withheld. He noted that if no interim relief were granted, then should Riemann succeed at trial “it will have suffered a whole season of unlawful and/or unfair competition,” although it was now too late to obtain injunctive relief in relation to the first half of the 2007 season. If no interim relief was granted but Linco succeeded at trial, no adverse effect would be suffered by Linco. This was to be contrasted with the position if an injunction was granted. If Riemann was then successful at trial, it would “only have had protection from the court in respect of half or . . . less than half of the 2007 season; whereas if the defendant succeeds at trial it will

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1080. [2007] EWHC (June 14, 2007) (Ch.).
1081. Council Regulation (EC) No. 40/94 of December 20, 1993, on the Community Trade Mark. Claims were brought under both Article 9(1)(b) and Article 9(1)(c).
only have been subjected for half of the season to inappropriate restraint.” To put it another way, if an injunction were granted, according to the judge, this would mean that the risks for the party that is successful at trial would be broadly balanced, whereas if it were withheld there would be an imbalance in the consequences of success or failure at trial.

The approach that the judge adopted in this case is a novel one. The analysis is somewhat difficult to follow, but in assessing the question of fairness, the judge appears to have weighed in the complainant’s favour the defendant’s activity prior to the hearing of the interim injunction application. However, it seems somewhat counterintuitive to suggest that the greater the preexisting activity of a defendant, the “fairer” it will be to grant an injunction to a complainant. It remains to be seen to what extent this approach is adopted by other judges in future cases.

In Boehringer Ingelheim Ltd v. Vetplus Ltd, the Court of Appeal rejected an application for an interim injunction against Vetplus’s comparative advertisement in respect of Boehringer’s and Vetplus’s nutritional supplements for dogs. In doing so, it confirmed the test that an applicant needs to satisfy to obtain an interim injunction in a comparative advertisement case.

Boehringer and Vetplus both manufactured and sold nutritional supplements. These were reputed to have a beneficial effect on dogs’ joints and contained the active ingredient chondroitin. Vetplus tested Boehringer’s products to ascertain whether they had a chondroitin content consistent with the level stated on the label, using the “CPC method.” The results suggested that Boehringer’s product SERAQUIN did not contain as much chondroitin as was claimed, a finding that Vetplus intended to publish in comparative advertisements. Boehringer argued that the CPC method and the test results were scientifically unreliable, even though it had made its own label claim as to the content of chondroitin by relying on the CPC test.

Boehringer brought claims of malicious falsehood, libel, and trade mark infringement, and sought an interim injunction from the High Court to restrain Vetplus from publishing the advertisement prior to trial. The High Court rejected that application, and Boehringer appealed. In the Court of Appeal, Boehringer accepted that the decision in Bonnard v. Perryman

1083. [2007] EWHC 972 (April 26, 2007) (Ch.).
1084. [1891] 2 ch. 269. This provides that in the interests of freedom of speech, the courts will not restrain the publication of a “defamatory statement, whether a trade libel or a personal one, where the defendant says he is going to justify it at the trial of the action, except where the statement is obviously untruthful and libellous.”
prevented it from obtaining an interim injunction in respect of the allegations of libel and malicious falsehood. However, it claimed that this rule did not apply to a claim for trade mark infringement and that the court should instead apply the normal American Cyanamid rule.\(^{1085}\) This required a court simply to be satisfied that there was “a serious question to be tried” or that the applicant had “a real prospect of success,” prior to considering the “balance of convenience.”

Vetplus argued that the court instead should apply the approach called for by Section 12(3) of the Human Rights Act 1998, as expounded by the House of Lords in Cream Holdings Ltd v. Banerjee.\(^{1086}\) This rule provided that where a case involved the right to freedom of expression under Article 10 of the European Convention on Human Rights, a court could not restrain publication before trial unless the claimant was likely to establish at trial that publication should not be allowed.

The court held that the rule in Bonnard v. Perryman did not apply to a trade mark infringement action. Such an action was not merely a claim to protect reputation, it was based on a property right. The rule also had never prevented the grant of an injunction in a passing-off action. Further, although the issue of free speech was involved in comparative advertising, other, more complex factors, such as the defendant’s commercial interest, were involved. Last, the rule was easily invoked, and a higher degree of defence was appropriate in these cases.

However, the court did accept Vetplus’s contention that the rule in Cream Holdings Ltd v. Banerjee applied in trade mark infringement and comparative advertising cases. The applicant would need to show that he would “more likely than not” succeed at trial, unless the consequences of the injunction were particularly grave or where only a short-lived injunction was needed to enable the parties to prepare their case. The “particularly grave” exception did not apply in this case. Boehringer was also unable to show that it was more likely than not to succeed at trial. The Court of Appeal therefore rejected the appeal.

**III.F.1. Non-Use**

In the Einstein Trade Mark case,\(^{1087}\) the Hebrew University of Jerusalem applied to revoke Continental Shelf 128 Ltd’s

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EINSTEIN trade mark under Section 46(1)(b) of the Trade Marks Act 1994 on the ground that there had been no use of the mark by the proprietor or with its consent in the five-year period between July 18, 1999, and July 19, 2004.

Continental put forward evidence in the form of a witness statement from a sales executive of Hornby Street Ltd claiming that Hornby was a “sister company” of Continental and stating that the mark had been used with the proprietor’s consent between 2000 and 2003. The statement exhibited various swing labels, sewn-in labels, and invoices evidencing that use. While the hearing officer had found that there had been genuine use of the mark in relation to “casual outer clothing for men,” the witness statement could not be taken as proof that this use had been with the consent of or under the control of the proprietor.\footnote{1088}

On appeal, Continental filed a further witness statement from the managing director of Continental that Hornby had been licensed, that Continental and Hornby shared the same shareholders, and that Continental controlled all use by Hornby of the mark. Hornby argued that this evidence was still deficient because there was no evidence of effective control by Continental of Hornby’s use.

Geoffrey Hobbs QC, as Appointed Person, allowed the appeal. After criticising the way in which the hearing officer had decided the case on points of substance that had not previously been put forward by him or the parties, he went on to consider the substantive issues of consent and control.

Mr. Hobbs noted that it was clear that use by a third party of a mark with authority of the proprietor was consent for the purpose of defeating an application for revocation for non-use. Also, he did not see why “consent” that would be sufficient to result in exhaustion of rights where goods had been placed on the European market should be treated as conceptually different. In the exhaustion case of IHT International Heiztechnik GmbH v. Ideal Standard GmbH,\footnote{1089} the European Court of Justice had held that where goods had been placed on the market by an entity that was economically linked to the trade mark owner, there was such consent. That case had also made it clear that the decisive factor here was the possibility of control over the quality of goods, not the actual exercise of control.

Therefore, in Mr. Hobbs’s view, if a trade mark owner allowed an entity with which it was economically linked to sell goods under a trade mark, it could rely on that use to defeat an application for revocation on the ground of non-use. He also found support for that view in the decision of the European Court of First Instance in the


\footnote{1089. Case C-9/93, [1994] ECR I-2789 (ECJ, June 22, 1994).}
Sunrider case, the legislative history of the Community rules relating to authorised use, the Joint Recommendation Concerning Trademark Licences adopted by the joint assemblies of the Paris Union and WIPO in 2000, and the TRIPS Agreement.

It was, of course, still possible that use of a mark with consent of the proprietor would result in that mark’s becoming deceptive, so as to make that mark liable to revocation. However, following the decisions in Scandecour Development AB v. Scandecor Marketing AB and Reed Executive Plc v. Reed Business Information Ltd, it was clear that the current position in UK law was that a bare exclusive licence was not objectionable for being inherently likely to deceive.

III.H.6. Appellate Procedure

In Hachette Filipacchi Presse S.A. v. Saprotex International (Proprietary) Ltd, the High Court dismissed an appeal by Hachette, the owner of the ELLE magazine and clothing brand, pursuing its opposition to registration of the word mark ELLE for knitting yarns. Two procedural issues arose on this appeal.

First, the opponent tried to argue that the hearing officer failed to appreciate a divide in the market for knitting wool and yarns between traditional and fashion yarns. The argument was essentially that the typical knitter in the market for fashion yarns, unlike the knitter in the traditional market, might well be a fashion-conscious reader of Elle magazine. Accordingly, those persons would strongly associate the marks in such a way as to lead to unfair advantage for the purposes of Section 5(3) of the Trade Marks Act 1994. There had been some limited evidence before the hearing officer regarding this market divide, but the opponent had not sought to argue this point before him.

The judge held that it was too late to raise such an argument at this stage. It should have been picked up following the exchange of evidence and a suitable amendment then made to the grounds of opposition. Where it had not been, it could not be said that the hearing officer had committed an error of principle that would justify intervention by the appellate court.

The second issue was that Paragraphs 5.6(1) and 5.6(2) of Practice Direction 52, which applied to this appeal, provided that


appeal documents should include only documents that “the appellant reasonably considers necessary to enable the appeal court to reach its decision” or are “directly relevant to the subject matter of the appeal.” Those documents “extraneous to the issues to be considered on the appeal” should be excluded. Paragraph 5.6(3) of the Practice Direction also required the appellant’s solicitor to certify that the appeal bundles complied with that requirement.

The appellant’s solicitors did not prune the bundles of documents before the hearing officer and did not provide the relevant certificate. They maintained that the costs of any more extensive pruning of the bundles would have been more than the saving in copying cost for the production of the appeal bundles. According to the judge, the fact that complying with Practice Direction 52 would cost more than not complying with it “was not a sufficient justification.” The judge therefore proceeded to disallow a proportion of the copying costs on a solicitor and client basis.

**URUGUAY**

*I.F. Famous and Well-Known Marks*

Kimberly-Clark Worldwide, Inc. (KCWW), a U.S. corporation, filed opposition with the Trademark Office seeking the dismissal of the application for registration of the mark NORMAL DAY in Class 5, which had been filed by a Uruguayan manufacturer of paper goods, Industria Papelera Uruguaya S.A. (IPUSA). KCWW based its action primarily on the notoriety and fame of its trademark DAY’S, stressing the fact that the mark was widely known by consumers in the region, and on the allegation that the applicant had engaged in unfair competition by attempting to register a mark confusingly similar to one of its own.

The Uruguayan Trademark Office upheld KCWW’s petition and ruled that the contested application be rejected. The decision was based on the opinion of the Trademark Office’s Legal Department, which found that KCWW had sufficiently proven the widespread renown it claimed for its mark, including the recognition that the mark enjoys in the Uruguayan market. The legal advisers further stated that the marks at issue clearly were confusingly similar.

While these were reasons enough to reject the application, the Legal Department maintained that there was an additional argument that had to be taken into consideration in deciding the case. This was that the applied-for mark NORMAL DAY had no novelty or specialty characteristics, and therefore lacked one of the

essential elements necessary to be admitted as a trademark: distinctiveness.
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