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Via email: ip@trade.gov.mv

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Re: Comments on Maldives Draft Trademark Law

The International Trademark Association (INTA) is pleased to submit these comments to the draft Trademark Law and subsequent implementing regulations in the Maldives. INTA strongly encourages the swift signing and passage of Maldives Trademark Law. Trademarks are an essential element of trade, and will encourage investment, promote domestic innovation and protect consumers.

The International Trademark Association (INTA) is a global organization of 7,200 trademark owners and professionals from over 191 countries, including 3 members in the Maldives and 250 members in the SAARC region. INTA is a not-for-profit membership association dedicated to supporting consumer confidence, economic growth and innovation. Founded in 1878, INTA is a leader in global trademark research, policy development, and education. For more information please visit our website at www.inta.org.

INTA commends the Maldives for the progress made towards enacting its first trademark laws. INTA and its members look forward to offering public education campaigns and continuing to work with Maldives officials in the future as the country builds its trademark system and community. INTA has been pleased to engage with officials from Maldives at regional trainings and other events, and looks forward to continuing facilitation of engagement between industry rights holders and officials responsible for IP matters in the Maldives.

INTA supports the progress over the years on Maldives development of trademark law and the forthcoming trademark registry, in line with INTA's Model Trademark Law Guidelines and Model Trademark Examination Guidelines.¹ We supports the trademark draft legislation and encourage its rapid passage and swift implementation.

INTA commends many aspects of the law, such as provisions that will allow for the accession to international treaties such as The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. INTA also recommends the following areas be clarified in forthcoming implementing regulations, in order to create a robust, transparent and world-class trademark system.

¹ Please see the following webpage for a complete list of INTA model laws and regulations:
<http://www.inta.org/Advocacy/Pages/ModelLawsandGuidelines.aspx>

Transition Provisions

As the Maldives transitions from cautionary notice publications of trademarks to a formal registry of trademarks, INTA members call attention to the need for transition provisions that:

- Protect the rightful trademark owner;
- Are transparent, with legal clarity;
- Prevent inefficiencies (e.g. rush to the office, backlogs); and
- Prevent incentives for trademark squatters and bad-faith registrations.

INTA notes that transition provisions are not provided in the current English translation, but suggests the following principles to be considered in the legislation or implementation of a transition:

- The Office should give substantial deference to earlier cautionary notices to determine which party has superior rights between conflicting registrations; or
- Entities who have advertised their trademarks through cautionary notices are granted a provisional period within which to register and to claim priority; and
- Priority should only be granted to trademark applications which correspond in its entirety to the advertised trademarks in the cautionary notices.

A proposed transition process could be:

1. Filing applications for marks previously published
2. Substantive examination by the IP Office
3. Resolution of conflicts regarding confusingly similar trademarks that had been previously published (*inter partes* and/or decided by the IP Office)
4. Applications open to public, outside the transitional provisions

Also in the manner of domain name system, if conflicts arise during the transition period, the conflict could be resolved in efficient and low-cost dispute resolution mechanism.

Furthermore, the Office should be aware of the threat of trademarks squatting and bad-faith registration. INTA advises that practice agree with INTA's board resolution on bad-faith registrations, including taking into account the following factors when determining if a party is acting in bad-faith:²

- whether the mark was applied for/registered primarily to appropriate a trademark well known in other jurisdictions or to disrupt the business of a competitor;
- whether the mark was applied for/registered primarily to sell, license, or otherwise transfer the registration to the party opposing or seeking to cancel or to a competitor of that party;
- whether the mark was applied for/registered primarily to prevent the party opposing or seeking to cancel from acquiring trademark rights in the jurisdiction in which the application was filed;
- whether the applicant/registrant has a legitimate interest in the mark applied for;
- whether the applicant/registrant applied for/registered the mark with the intention of creating confusion as to the source, sponsorship, affiliation, or endorsement of the applicant's/registrant's goods or services;

² For further information on this board resolution and the background research on this important issue, please see: <http://www.inta.org/Advocacy/Pages/BadFaithasaGroundforOppositionProceedings.aspx>

- whether the applicant/registrant knowingly made false statements in connection with the trademark application/registration;
- whether the applicant/registrant has engaged in a pattern of applying for/registering marks in which it had no legitimate interest; and
- the degree of distinctiveness of the mark applied for.

Well-known Marks

INTA encourages Maldives to become a member of the Paris Convention. Article 6*bis* provides the basic provisions and obligations for protection of well-known marks.

INTA supports the interpretation provided by the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks³ (Joint Recommendation). Key provisions to consider from the Joint Recommendation are:

(1) Factors for Consideration

(a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
6. the value associated with the mark.

INTA recommends that “spill-over” effects of fame from foreign jurisdictions should be considered when evaluating the fame of a mark.

Madrid Protocol

The Madrid Protocol currently has 100 members, covering 116 jurisdictions globally. Maldives businesses would benefit from inclusion in the treaty through cost savings when filing trademarks overseas, particularly as the local economy relies on tourism – which is inherently international in nature for Maldives. Furthermore, membership in the Madrid Protocol may encourage investment, as companies find reduced barriers to entry into the Maldives market.

Membership in Madrid should provide Maldives’ major trading partners with continued incentive to invest in the country and increase trade. Likewise, Maldivian businesses can take advantage of cost savings through Madrid Protocol to protect trademark rights in these markets. Given the

³ <http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>

international nature of one of the Maldives' major industries, tourism, this type of trademark protection will be one important factor for increased investment in this sector.

Anticounterfeiting and Customs

Sections 32(e) states that counterfeit goods may be released into the market in exceptional circumstances where a counterfeit trademark has been removed. INTA recommends that this exception be removed, and that it is never acceptable to release seized counterfeit goods into the market due to the threat to public health and safety – even for products that may appear per se safe, such as clothing items. INTA members from these industries report that even clothing items that have come through the counterfeit supply chain can pose a serious public health threat due to instances of low quality dyes and fabrics.

In order to increase the deterrent impact of fines, governments should develop calculation methods that lead to fines against counterfeiters commensurate to the harms caused by them.

INTA recommends that customs also create a trademark recordal system where by rightsholders can register their trademarks with customs for effective enforcement of their rights at the border.

Additionally, INTA advises that the law be clarified to include transshipment of goods as “importation” for the purposes of finding an infringement.

License Recordal

Section 24 on Licenses states that “A license contract shall have no effect against third parties until it is recorded.”

INTA recommends that a recordal system should not be mandatory. Mandatory license recordal requirements are unduly expensive. More importantly, the penalty for non-compliance is disproportionate to the infraction. The only possible benefit to the country is inflated government fees, since any “protection of its citizens” would be artificial in that the invalidity of the trademark registration could only benefit local infringers or disloyal licensees who seek to misappropriate the mark.

Non-traditional Marks

INTA notes that the law states that “any sign that is capable of distinguishing goods or services of one undertaking from those of other undertakings” may be registered as a trademark. However, language qualifying this definition may exclude 3D shapes, motion and other nontraditional marks, including single color marks.

INTA strongly encourages the new law to embrace the full range of innovative marks, including touch, sound, color and shape marks. The reality of consumer behavior indicates that many consumers rely on these other indicators or origin while making purchasing decisions. The law should protect these consumer from confusion by protecting these marks. For more information, please visit INTA's landing page for non-traditional marks.⁴

⁴ <https://www.inta.org/Advocacy/Pages/Non-traditionalMarks.aspx>

INTA's Legislation and Regulation Committee, Trademark Office Practice Committee and Anticounterfeiting Committee and staff prepared these remarks. If you have any questions or concerns, please contact INTA's Asia-Pacific Chief Representative, Seth Hays at shays@inta.org.

Sincerely,

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