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*Chief Executive Officer*

Mr. Shankar Aryal  
Director General  
Department of Industries  
Ministry of Industry  
Teku Marg  
Tripureshwor  
Kathmandu, Nepal

27 June 2018

**Re: Comments on Nepal Draft Trademark Law**

Dear Director General Aryal:

The International Trademark Association (INTA) is pleased to submit these comments to the draft Trademark Law and subsequent implementing regulations in Nepal. 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 8 members in Nepal 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](http://www.inta.org).

INTA commends Nepal for the progress made towards amending its trademark law. INTA and its members look forward to offering public education campaigns and continuing to work with Nepal officials in the future as the country continues to build its trademark system and community. INTA has been pleased to engage with officials from Nepal at regional trainings and other events, and greatly appreciates recent meetings with staff and local members to introduce the Association and its mission. We look forward to continuing facilitation of engagement between industry rights holders and officials responsible for IP matters in Nepal.

INTA supports the progress over the years on Nepal development of trademark law, in line with INTA's Model Trademark Law Guidelines and Model Trademark Examination Guidelines.<sup>1</sup> INTA looks forward to seeing draft legislation, and offers the resources of our expert committees for input on future drafts of the amended trademark legislation.

INTA makes the following observations and suggestions for consideration for the current amendments of the Nepal Trademark Law based on observations by our members:

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

- Our members commend the Nepal IP Office for digitizing trademark records, and to moving towards implementing online services,
- Inclusion of provisions to allow for accession to the Madrid Protocol,
- Strengthen protections against bad-faith trademark registrations, and protecting well-known marks;
- Continuing to strengthen anticounterfeiting provisions with an emphasis on cross-border anticounterfeiting measures.

### **Bad-Faith Registration**

Nepal's IP office should be aware of the threat of trademarks squatting and bad-faith registration, and include provisions in the law to protect legitimate brand owners from this abuse. 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:<sup>2</sup>

- 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;
- 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.

We also recommend considering the adoption of provisions providing examiners with the power to take market evidence into account and reject blatantly fraudulent or abusive trademark applications, and creating fast-track procedures to allow rightful brand owners to protest or contest this type of bad faith application. In addition, bad faith should be a ground for opposition and cancellation actions with a reversal of the onus of proof to the effect that requires the applicant to show evidence of good faith.

### **Trademark Prosecution**

INTA notes that under current practice, Nepal requires that a foreign filer provide evidence of a home country / foreign registration certificate, and that the subsequent Nepal trademark application follow the specification of goods/services identically from the home/foreign jurisdiction registration.

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<sup>2</sup> 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>

INTA recommends that this practice be eliminated as it is unduly burdensome, and does not reflect the business needs of companies that may sell or distribute products in a different form than in the home jurisdiction.

INTA notes that Nepal currently does not offer multi-class applications. INTA recommends that multi-class applications be acceptable, as they are efficient and low cost means to file across the many different classes needed to properly protect a brand.

Furthermore, INTA notes that a trademark application requires the signature of two witnesses. In the interest of speed and to optimize the registration process, INTA recommends that this requirement be eliminated.

INTA members note that the renewal process for registered marks is burdensome, requiring the original certificate be sent to Nepal for an endorsement to be affixed, and subsequently sent back to the holder. INTA recommends that this process can be substantially improved with electronic documentation.

### **Well-known Marks**

As a least developed country (LDC) member of the WTO, Nepal may enact TRIPS provisions by 2021. Additionally, Nepal is 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 Marks<sup>3</sup> (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.

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

INTA recommends that “spill-over” effects of fame from foreign jurisdictions should be considered when evaluating the fame of a mark. We note that there are some judicial decisions in Nepal that have recognized some of these principles.

### **Madrid Protocol**

The Madrid Protocol currently has 100 members, covering 116 jurisdictions globally. Nepalese businesses would benefit from inclusion in the treaty through cost savings when filing trademarks overseas. Additionally, membership in the Madrid Protocol may encourage investment, as companies find reduced barriers to entry into the Nepal market.

It is noteworthy that Nepal’s two largest trading partners, China and India, are both members of the Madrid Protocol, and as such, membership in Madrid should provide these two trading partners with continued incentive to invest in Nepal and increase trade. Likewise, Nepalese businesses can take advantage of cost savings through Madrid Protocol to protect trademark rights in these two large markets, which together account for nearly 2.7 billion potential consumers for Nepalese products.

### **Customs Recordal**

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. Given the geostrategic location of Nepal between the world’s two largest economies, issues of transshipment may increase overtime.

### **Non-traditional Marks**

INTA strongly encourages Nepal to include non-traditional marks, such as sound, color or shape marks, in future legislation. We strongly encourage consideration of these important trademarks, as evidence shows that consumers identify these signs and relate them to a product or service’s origin.

INTA’s Legislation and Regulation Committee, Enforcement 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](mailto:shays@inta.org).

Sincerely,



Etienne Sanz de Acedo  
Chief Executive Officer  
International Trademark Association

