

**Etienne Sanz de Acedo**  
*Chief Executive Officer*

Nelinho Vital  
Director of Law and Legislation, Ministry of Justice  
Ministério da Justiça  
Avenida Jacinto Cândido  
Dili - Timor Leste

27 June 2018

**Re: Comments on Timor-Leste's First Trademark Law**

Dear Director Vital:

The International Trademark Association (INTA) is pleased to submit these comments for consideration in the initial phases of drafting of Timor-Leste's first 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 Timor-Leste. 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 Timor-Leste for the progress made towards building a strong trademark and IP system, including joining the World Intellectual Property Organization last year. INTA and its members look forward to offering public education campaigns and continuing to work with Timorese officials in the future as the country continues to build its trademark system and community.

INTA was pleased to work with officials in December 2017, to organize the first international government-industry dialogues on trademark law, which included representatives from the Ministry of Justice, Police and Customs. We look forward to continuing facilitation of engagement between international rightsholders and officials responsible for trademark matters in Timor-Leste.

INTA offers the resources of its policy committees to provide detailed feedback on initial drafts of Timor-Leste's trademark law. We encourage drafters to consider INTA's Model Trademark Law Guidelines and Model Trademark Examination Guidelines<sup>1</sup> as a basis to understand the consensus points for trademark law from a global and cross-industry perspective.

We highlight below areas that we believe should be of interest and concern to brand owners in Timor-Leste's first trademark law.

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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>

## Transition Provisions

As Timor-Leste 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 suggests the following principles be considered in the legislation or implementation of a transition:

- The future IP 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 to recently 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:<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;

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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>

- 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.

As a general recommendation, the implementation of effective prosecution, opposition and cancellation procedures for trademarks help create a consistent and reliable system for trademark protection and enforcement, which in turn curbs abusive conduct by pirates and infringers.

### **Madrid Protocol**

The Madrid Protocol currently has 100 members, covering 116 jurisdictions globally. Timorese 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 Timor-Leste.

It is noteworthy that Timor-Leste's two largest trading partners, Indonesia and Australia, 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 Timor Leste and increase trade. Likewise, Timorese businesses can take advantage of cost savings through Madrid Protocol to protect trademark rights in these two large markets.

Additionally, under the ASEAN Working Group on IP Cooperation Strategic Plan, ending 2015, all ASEAN states should accede to Madrid, in order to better integrate the region from a trademark perspective. Currently only two member states have yet to accede, namely Malaysia and Myanmar.

As Timor-Leste seeks to diversify its economy away from natural resource extraction, into areas such as tourism, the advantages of Madrid Protocol should be even greater, allowing these international industries easier access and incentive to invest in Timor-Leste.

### **Anticounterfeiting and Customs**

The impact of counterfeit goods in developing economies is particularly strong. To prevent the influx of dangerous counterfeit goods, INTA recommends the following principles be considered in future legislation.

The definition for counterfeiting should include such matters such as preparation for manufacturing counterfeit goods including the preparation of counterfeit labels for such purpose, counterfeit service marks, the possession with intent to sell, distribution, transportation and storage of counterfeit goods, and the organization and financing of counterfeit activity.

Furthermore, counterfeiting should include not only counterfeit goods, but services, labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging or any other components of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services bearing a counterfeit mark. There should be provisions for both imprisonment and fines to be imposed as criminal sanctions for knowing or willful trademark counterfeiting. 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 include transshipment of goods as for the purposes of finding an infringement.

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,

A handwritten signature in black ink, appearing to read "Etienne Sanz de Acedo". The signature is stylized and cursive.

Etienne Sanz de Acedo  
Chief Executive Officer  
International Trademark Association