INTA Comments on IP Key Cooperation Programs

October 2019

GENERAL COMMENTS

The International Trademark Association (INTA) would like to thank the European Commission for the opportunity to regularly provide comments and suggestions about the three IP Key projects launched in September 2017, namely IP Key China, IP Key South-East Asia (SEA) and IP Key Latin America (LATAM), this time in the context of the preparation of the projects’ third Annual Work Plans.

Based on the priorities of our global and diverse membership, comprising brand owners from major corporations and SMEs, law firms and non-for-profits, across the different regions of the world, INTA suggests that all IP Key programs continue to focus in priority on:

- **Securing an efficient and easy system for trademark and design registrations.** For this purpose, IP Key programs should promote EUIPO’s practices and tools such as TMView, DesignView and TMClass and ensure appropriate legal framework and practices;

- **Promoting the accession to and proper implementation of international treaties,** notably the Madrid Protocol, the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, which INTA supports under different Board Resolutions, to foster harmonization and better protection of IPRs;

- **Raising awareness, training and exchanging on best practices on the global issue of counterfeiting and online counterfeiting** in particular;

- **Addressing the impact of the Internet and new technologies** on enforcement of brand owners’ rights;

- **Preventing brand restrictions,** i.e. measures by governments that prohibit or significantly restrict the use of trademarks for lawful products and services, including plain and highly standardized packaging measures. Such measures are detrimental to consumers, trademark owners, innovation and competition, and can lead to the expropriation of valuable trademark rights without due process.

Moreover, where enforcement of rights is concerned, we suggest that the IP Key programs cover the following activities:

- Trainings on the subject of preliminary measures in contentious IP matters to increase harmonization and avoid forum shopping;

- Trainings and development of best practices on damages calculation. This is an important aspect of infringement procedures, while few countries have solid legislation or practice on how to calculate damages in IP proceedings;

- Dialogues on online counterfeiting and implementation of regulations to address both large scale and small scale infringements in the online space;
• Development of best practices or trainings on administrative procedures at the borders, i.e. for small consignments, for instance;
• Promotion of Customs Records Systems to improve information sharing between brand owners and customs officials;
• We recommend that unfair competition issues and its overlap and synergies with trademarks be included in the scope of any IP Key activities, trainings or policy discussions. We believe such encompassing perspective would be useful for stakeholders when faced with IP rights' violations.

In addition to these recommendations applicable for all regional IP Key programs, INTA has particular concerns and priorities for each region, which are described below.

We continue to note improvements concerning the increased transparency and feedback on the implementation of the IP Key programs, notably through the useful stakeholder meeting organized by DG TRADE, for the second time, in Brussels, last September 24 and the more extensive information made available in the IP Key website. Notably, we were pleased to acknowledge that, as requested last year, the 2019 Work Plan of each of the three IP Key programs was published on the website.

Notwithstanding these positive developments, INTA continues to recommend further improvements in the following areas:

• **We would welcome increased transparency and accountability as regards the budget allocated and the results achieved with each IP Key program.** In particular, it would be useful to have detailed information on the distribution of funds between the different recipients and the concrete activities undertaken (training, IT support, awareness, etc.) In this context, some Key Performance Indicators (KPIs) or SMART (Specific, Measurable, Achievable, Relevant, Time bound) objectives should be considered.

• **We continue to recommend that any international activity that uses EUIPO budget focuses in priority on trademarks and designs** within the limits of EUIPO’s resources, and given the EUIPO’s expertise, and in close coordination with the Commission.

• **We continue to recommend a closer interaction and involvement with local stakeholders and organizations** working on the ground in the regions, such as INTA.

• **We acknowledge the positive developments with regards to the engagement with EU and EU Member States’ IP Attachés.** We believe this is important to ensure a more efficient, unified and impactful approach, and avoid redundant efforts. In this respect, we welcome the establishment of a regional EU IP Attaché for Latin America. We would appreciate if the Commission could arrange the possibility for EU IP Attachés to exchange directly and more regularly with user associations on the ground or when these IP Attachés are gathered for training purposes.

With Representative Offices in China (Shanghai), South-East Asia (Singapore), Europe (Brussels) and Latin America (Santiago, Chile), INTA stands ready to provide active support to the implementation of the IP Key programs. For this purpose, we take the opportunity to remind the relevant INTA local points of contact for IP Key:
INTA points of contact

- For **general questions**:  
  - Hélène Nicora, Chief Representative Officer, Europe, at hnicora@inta.org / +32 2 880 37 22;  
  - Carolina Oliveira, Policy Officer, Europe, at coliveira@inta.org / + 32 2 808 37 23.

- For **IP Key China** and **IP Key South-East Asia**: Seth Hays, Chief Representative Officer, Asia-Pacific and China, at shays@inta.org (please copy Hélène Nicora and Carolina Oliveira).

- For **IP Key Latin America**: José Luis Londoño, Chief Representative Officer, Latin America and Caribbean, at jlondono@inta.org (please copy Hélène Nicora and Carolina Oliveira).

In December 2017 and October 2018, INTA provided suggestions for the first and second Annual Work Plans of the three IP Key programs. Most of the comments provided in those two occasions are still valid. We thus reproduce the previous input below, with an update where relevant.
SPECIFIC COMMENTS ON THE THREE IP KEY COOPERATION PROGRAMMES

1) IP KEY CHINA

In China, IP Key has been very visible and our members have praised its success. Considering the fast development of the Internet-based industry and its growing impact on the distribution of trademark infringing products, INTA suggests that IP Key China continues to focus on the improvement of online enforcement of intellectual property rights. INTA recommends that efforts focus on practical means of cooperation between trademark owners and companies involved in online marketing, sales, and distribution of goods in addressing the problem of counterfeit goods being sold over the Internet. In particular, focus should be given to the establishment of mechanisms to ensure:

a) A timely and effective process of notification of illegal sale of counterfeits as well as takedown mechanisms, provided that an appropriate legal framework for such purpose is in place;

b) Procedures for identifying and taking more effective action against repeat offenders;

c) Preventive measures to reduce the sale of counterfeits by anonymous counterfeiters;

d) Procedures that facilitate access by trademark owners and law enforcement authorities to information about counterfeiters and the distribution of trademark infringing products;

e) Promotion of cooperation between trademark owners and intermediaries so that information is efficiently and timely shared and enforcement of IP rights is expedited.

The sale of counterfeit goods over the Internet is a top priority for INTA. The Association is consistently monitoring and addressing the developments of online sales of counterfeits in a fast-moving and changing digital reality.

Additionally, INTA would like to suggest additional trainings be held with enforcement officials such as the Ministry of Public Security in order to connect the trademark owners and public sector officials. Topics of discussion for trainings may include enforcement of enhanced administrative penalties on trademark infringement cases and brand identification trainings on current counterfeiting trends.

In this context and given our vast and diverse membership as well as our China Representative Office, INTA is available to provide support in the operation of IP Key China.

In addition, we suggest that the initiatives covered by IP Key China include:

- **The promotion of, accession to, and proper implementation of several treaties**: namely the Madrid Protocol and the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, to increase harmonization and legal certainty to the benefit of businesses of all sizes.

- **Continued support regarding the new Trademark Law project**: INTA believes that the new project of revision of the Trademark Law – of parallel relevance for the country as the
Trademark Reform for the EU: presents an opportunity for IP Key to assist in the setting up of seminars and working groups.

- **Bad faith registrations**: While we acknowledge that some improvements have been achieved, trademark registrations in bad faith continue to be an issue of great concern. To tackle this problem, we recommend trainings and assistance as well as policy dialogues on best practices and the review of examination procedures.

- **Judicial cooperation/judges’ trainings**: notably addressing topics of procedural nature such as the principle of written procedure and the principle of contradictory procedure.

- In this context we recommend the implementation of activities ensuring effective **trademark protection**: as mentioned, trainings and assistance on bad faith registrations but also development of the law on trade dress protection and parallel imports and enhancement of its general understanding;

- **Enforcement-related activities**: We urge that the conferences involving the Chinese Ministry of Commerce (MOFCOM) regarding Online Counterfeiting in China continue to take place.

- **Designs protection**: trainings, education and assistance on designs registration and enforcement are needed.

2) **IP KEY SOUTH-EAST ASIA**

We suggest that IP Key SEA’s implementation initiatives include the development of best practices and support to achieve the deliverables within the ASEAN IPR Enforcement Plan. This would be important to develop a transparent IP enforcement system based on the codified laws and regulations as well as the rule of law.

We refer to the comments provided above for IP Key China concerning **online enforcement of intellectual property rights**, including the suggested mechanisms to ensure cooperation between trademark owners and entities involved in online trading of goods, which are entirely applicable to SEA. The same applies to a number of other activities, including:

- **The promotion of, accession to, and proper implementation of several treaties**: namely the Madrid Protocol, the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, to increase harmonization and legal certainty to the benefit of businesses of all sizes;

- **Bad faith registrations**: we have noticed that bad faith registrations are an issue in different South East Asia countries such as Indonesia, Malaysia, Thailand and Vietnam. To tackle this problem, we recommend trainings and assistance as well policy dialogues on best practices and the review of examination procedures.

- **Trademark protection**: trainings and assistance on bad faith registrations, capacity building activities, development of the law on trade dress protection and parallel imports and enhancement of its general understanding;
• **Judicial cooperation/ judges’ trainings:** notably addressing topics of procedural nature such as the principle of written procedure and the principle of contradictory procedure;

• **Designs protection:** trainings, education and assistance on designs registration and enforcement.

Additionally, we suggest that the initiatives covered by IP Key South-East Asia include:

• **Enforcement-related activities:** Organization of workshops, seminars and trainings on both offline and online enforcement issues tailored to different countries of the region, including reference to the supply chain. Where administrative proceedings in trademark enforcement are concerned, we recommend trainings and policy dialogues on most effective opposition and cancelations procedures, especially for non-use where standing requirements vary and evidentiary requirements may complicate access to the procedures. Malaysia is an example of a jurisdiction with overly burdensome standing requirements.

• **Border Measures and Transshipment:** Porous land borders between several countries in the region favor the flow of counterfeit goods. Moreover, with major ports located across multiple countries of South-East Asia and Free Trade Zones, INTA believes that addressing issues such as the lack of ex-officio actions, custom recordal systems, or generally strong control at border is of utmost importance.

• **Training on non-traditional marks,** e.g. 3D, pattern and position marks: especially in Malaysia and Vietnam. So far, while it is possible to register this kind of marks in Malaysia and Vietnam, the rulings are inconsistent and the scope of protection is unclear which leads to weak enforcement for those marks.

Following the structure of our 2017 and 2018 submissions, we believe that it is worth referring to particular issues and welcomed initiatives in the following SEA countries: Indonesia, Malaysia, Philippines, and Vietnam.

i. **In Vietnam**

INTA stresses that the following initiatives in the context of IP Key continue to be welcome in Vietnam:

a) **Trademarks**
   • Peer-to-peer exchange on best practices for examination, opposition and cancellations;
   • Organization of seminars on evaluation, equity and development of brands for Vietnamese companies;

b) **Designs**
   • Designs protection: trainings, education and assistance on designs registration and enforcement.
   • Assistance in organizing seminars in Vietnam on the EU Design system and in the EU on the protection of industrial designs in Vietnam.

c) **Customs/Enforcement**
   • Meetings between EU and Vietnamese customs on IPR enforcement cooperation (in both Vietnam and the EU).
   • Development of best practices or training on administrative procedures at the borders, i.e. for small consignments, for instance.
• Trainings on the subject of preliminary measures in contentious IP matters to increase harmonization and avoid forum shopping.

• Pursuant to the Decision 1068/QG-TTg of Prime Minister Nguyen Xuan Phuc issued in August 2019, monitoring that effective strict handling of IPRs infringements and strong coordination among the public administrations and judicial authorities be implemented.

ii. In Indonesia

In the framework of IP Key, INTA continues to welcome increased efforts to support the development of an effective national IP strategy in Indonesia, and that priority be given to improving IP enforcement. INTA would particularly welcome cooperation in the development of a more effective criminal IP enforcement system (including with customs).

Moreover, INTA has identified a number of problematic issues in Indonesia, listed below. We suggest that, in the context of IP Key, the EUIPO cooperates with local authorities to set up mechanisms and practices such as dialogues, roundtables, trainings of judges, IP administrators and customs, etc. towards improving the country's situation.

a) Trademarks

• Recording of License
Following the issuance of Minister of Law and Human Rights Regulation No. 8 of 2016 concerning the Requirement and Procedure of Intellectual Property License Recordings, the treatment of license recordings remains unclear, particularly with regard to applications for recording which were submitted prior to the issuance of the regulation. INTA suggests that trainings are provided in this respect, considering EUIPO’s expertise as concerns trademark and design recordings.

• Amendments of typographical errors
The Indonesian Trademark Law only stipulates the possibility of issuing amendments of typographical errors of the name and/or address of the applicant in a trademark application. It is unclear whether amendments are also available for other actions such as the recording of an assignment of rights or license agreement. Clarification is thus needed in this respect.

b) Designs

INTA has identified the following issues in the field of designs:
• Unclear guidance on the criteria used by courts to determine similarity of design features;
• Unclear timeframe applicable to substantive examination;
• Unclear process to be followed in the examination stage for right holders;
• Unclear definitions of claim types regarding shape, configuration, and composition which often leads to inconsistency and has a significant impact on both prosecution and enforcement of industrial design rights.
c) Customs

Despite Government Regulation No. 20 of 2017 on Control of Import and Export of Goods Resulting from IP Infringement in force since August 2, 2017, no changes have occurred to improve the following concerns the Regulation raises:

- Global foreign entities that do not have a local business entity in Indonesia in the form of a limited company or unlimited partnership are not able to record their trademarks in the country;
- The timeline for the detention process is too restrictive, considering that the right holder must confirm customs’ notice and file an application to detain the goods in the Commercial Court within one week, while, at the same time, the steps needed to provide the required notarized and legalized documents to the Court, especially for non-Indonesian entities, may take up to three months;
- Revocation of recordation: right holders are barred from the recordation system if they fail to acknowledge or confirm a notice of suspected goods from the customs office on three occasions.

d) E-Commerce

- The Minister of Communication and Informatics issued Circular Letter No. 5 of 2016 on Limitation and Responsibility of Providers of Platforms in the form of User Generated Content and Merchants of Electronic Commerce Using the Platforms. A higher level of regulation, e.g. Government/Minister Regulation addressing the subject-matter of the Minister’s Circular Letter is still required and needed;
- The current 14 day timeframe of the takedown mechanism used for IP infringing products sold online is considered too long by right holders. Moreover, there are no consequences for non-compliance with the 14 day timeframe for takedowns. INTA suggests that penalties for non-compliance be established to render this rule more effective;
- There is a need to establish and develop procedures that facilitate access by trademark owners to information about counterfeiters and the distribution of IP infringing products.

iii. Malaysia

With the recent passage of the Trademarks Bill in July 2019, INTA would suggest:

- Trainings on the implementation of international registrations under the Madrid Protocol as well as on harmonization with the domestic legislation.
- Trainings and workshops with key officials focusing on border measures to combat counterfeit products, such as ex-officio action, and targeting enforcement. Enforcement at the borders is key in preventing counterfeit goods from reaching Malaysian consumers and consumers in neighboring countries.
iv. Philippines

Pursuant to the possible legislative updates under the “2011 Special Rules on Intellectual Property Litigation” (which were open for public comment in 2019), INTA would welcome efforts focusing on improving the legislation, notably:

- Establishment of Regional Trial Courts handling intellectual property violation cases in addition to the Special Commercial Courts;
- Empowerment of Special Commercial Courts in the National Capital Judicial Region to issue writs of search and seizure enforceable nationwide;
- Possibility of a private complainant filing a motion after the 60 day period for the disposal of the seized goods;
- Enablement of disposition of goods seized pursuant to search warrant;
- Order of Destruction: to allow immediate destruction of the seized goods, should the owner of the infringing goods expressly admit via written form that the goods in question are counterfeit, as well as authorize its destruction.

3) IP KEY LATIN AMERICA

In our submission of October 2018, we listed a number of key areas in which we believe IP Key LATAM should focus. These priority areas remain the same:

a) Enhanced cooperation between the different actors, with a focus –but not limited to- enforcement:

While we acknowledge that there have been improvements, we believe that there continues to be a lack of coordination among the different administrative bodies dealing with different IPRs as there is a separation between the entities responsible for, respectively, industrial and intellectual property which, moreover, belong to or are dependent on different governmental authorities. IP Key LATAM should focus on:

- Supporting the establishment of intersectorial bodies, where all IP-relevant institutions can discuss and deliberate on IP-related matters.

- Promoting inter-sectorial initiatives, such as dialogues, roundtables and workshops, bringing together trademark examiners, Custom officers, government officials, judges, industry, etc. to exchange information, best practices and enhance cooperation between the different IP actors.

- Acknowledging and promoting the cooperation mechanisms between government authorities (such as IP offices, judges, Customs officers, prosecutors, etc.) on IPR enforcement issues, so as to obtain their incorporation in the law. Good examples of such cooperation mechanisms already exist in some countries such as Mexico and Chile.

- Promoting enhanced interaction between IP offices and Customs authorities, including the sharing of registration data of IPR right holders to facilitate the identification of counterfeit goods within the borders of each country.

- We further recommend that local trademark owners and practitioners be involved in the interaction between registration, customs and enforcement authorities to promote better practices.
b) Brand restrictions and impact of legislation on IPRs

- It appears that a number of laws and regulations not dealing directly with IP, but still affecting IP right holders, especially in the health and pharmaceutical fields, are enacted without prior discussion and assessment of their impact on IP. Notably:
  - **Chile:**
    - Pharmaceutical Law No. II. Article 128 bis. Brand size is projected to be 1/5 of the generic name size, which in turn is 1/3 of the package side size;
    - Law 20.606 and Law 20.869 related to nutritional information and advertisement of “high in” food. The Health Regulatory Agency has ordered various brand owners to remove their figurative brands consisting of fictional characters from the packages of snacks, cereals, etc., based on the argument that such brands amount to advertisement addressed to children or aiming to attract children;
  - **Mexico:** Project of Official Standard for Foodstuff Advertisement (NOM-051). Prohibition to use fictional characters on foodstuff that is qualified as “high in” (calories, sugar, etc.).

Against this backdrop, INTA recommends that, in the context of IP Key, best practices on IP-related policy and regulation be promoted and shared with the relevant entities. We recommend that the IP Key initiatives in Latin America focus on the issue of brand restrictions in priority. Notably, we recommend that safeguards to protect brand owners’ right to use their brands and consumers’ right of information and expectations be included in those laws and regulations that introduce brand restrictions based on health or safety concerns.

- Support in the liaison with local health authorities to exchange on and discuss the impact of brand restrictions on trademark rights, the economic development and innovation of Latin American countries and the means to achieve a balance between IP rights and public health concerns.

c) Trademarks & Designs

- **Trademark examinations:** trainings and workshops in order to improve practices and procedures of IP offices and promote the development of the law on issues such as classification, non-traditional marks, famous and well-known marks and coexistence agreements as well as best practices for the offices.

- **Administrative proceedings in trademark enforcement:** trainings and policy dialogues on most effective opposition and cancelations procedures, especially for non-use, where standing requirements vary and evidentiary requirements may complicate access to the procedures. In this regard, Honduras is an example of a jurisdiction with overly burdensome standing requirements.

- Where famous and well-known marks are concerned, trainings and further assistance on dilution and unfair advantage and how these concepts have been developed and applied in the EU.

- **Design** registration and enforcement.

d) Targetted trainings
• **Training judges**: via the development of a training program on IP matters specifically addressed to judges, in order to improve knowledge and skills needed to deal with IP cases.

• Development of trainings on IP matters tailored to the specific needs and concerns of particular **industry sectors**.

• Development of initiatives, perhaps together with the Latin America IPR SME Helpdesk, focusing on the specific needs and **concerns of SMEs** based in Latin America and in the EU on IP matters (filings, registrations, agreements, fees, etc.).

• Assistance in the development of useful and adequate means of **alternative dispute resolution** in IP matters.

**e) Supporting stronger IP Offices**

We continue to observe some obstacles to the improvement of practices and international standards as regards the topics listed above. In particular, where trainings are concerned, we understand that the main obstacle is the difficulties experienced by the institutions concerned, notably IP Offices, to fully provide what is needed by stakeholders. For this reason, we believe that a central strategical goal of IP Key LATAM should be providing support to IP Offices, notably as concerns their technological infrastructure and resources.

**f) Supporting the implementation of the EU-Mercosur Free Trade Agreement (FTA)**

We recommend that IP Key LATAM focus on the necessary legislative and regulatory modifications for the involved countries to properly and smoothly implement the EU-Mercosur FTA.