ANNUAL REVIEW

The Thirteenth Annual International Review of Trademark Jurisprudence
TABLE OF CONTENTS

ARTICLES AND REPORTS

ANNUAL REVIEW

The Thirteenth Annual International Review of Trademark Jurisprudence

Editor’s Note ................................................................................... 267

Part I. Acquisition of Rights and Registrability .............................. *

A. Acquisition of Rights........................................................................ *
   1. Bases for Acquisition...................................................................... *
      a. Functionality .............................................................................. *
      b. Quality and Quantity of Use........................................................ *
      c. Appropriation of a Trademark..................................................... *
   3. Licenses ......................................................................................... 341, 430
   4. Protection for a Non-Renewed Trademark ..................................... *
   5. Bankruptcy .................................................................................... *

B. Registrability.................................................................................. *
   1. Generic Names ................................................................. 334, 342, 377
   2. Merely Descriptive Terms...................................................... 286, 311, 347, 376, 426, 431, 454, 514

* The headings followed by an asterisk denote that there were no cases reported in this subject/topic.

This issue of THE TRADEMARK REPORTER® (TMR) should be cited as 96 TMR ___ (2006).

(continued on next page)
3. Not Merely Descriptive Terms ......................... 348, 367, 412
4. Geographical Names ........................................... 393, 515, 520, 565
5. Personal Names ..................................................... 394
6. Letters and Numbers ............................................. 335
7. Device and Design Marks ...................................... *
   a. Two-Dimensional Marks ..................................... 551
   b. Three-Dimensional Marks ...... 401, 486, 529, 552
8. Likelihood of Confusion ......................................... *
   a. Similarity of Marks ... 305, 335, 349, 376, 413, 426, 428,
      433, 455, 476, 521, 534
   b. Similarity of Goods/Services .................. 336, 395, 456
   c. Conflict Between Trademarks and Corporate
      Names ................................................................. *
9. No Likelihood of Confusion ................................... *
   a. No Similarity of Marks .......... 272, 281, 336, 395, 417,
      427, 440, 457, 459, 465, 477, 490, 496, 513, 538
   b. No Similarity of Goods/Services .......... 444, 478
10. Deceptive Marks .................................................. 402, 419, 487
11. Other Objectionable Features ................................ *
   a. Copyright Protection .......................................... 402
   b. Official Names .................................................. *
   c. Violation of Public Order ................................. *
   d. Scandalous Mark ............................................... *
   e. Bad Faith ......................................................... 300, 363, 446, 554
12. Famous Marks ................................................. 312, 364, 428, 466, 479, 499, 523
13. First to Apply Versus First to Use .................... 312, 467
14. House Marks ..................................................... 480
15. Foreign Registrations .......................................... 447
16. Trade Dress ....................................................... *
17. Disclaimers ........................................................ *
18. Joint Ownership .................................................. 273
19. Slogans ............................................................... 449
20. Color ................................................................. 488, 516
21. Trade Names ....................................................... *
22. Distinctiveness .................................................. 377, 381, 397, 460, 500, 564
23. Official and Certified Marks ............................ 314, 429
24. Service Marks ..................................................... 383

(continued on next page)
25. Sound Marks ................................................................. *
26. Detriment/Unfair Advantage ...........................................
27. Scent Marks................................................................... *
28. Taste Marks................................................................. 403

Part II. Procedural Matters

A. Formalities for Acceptable Filings ...........................................
B. Identification of Goods or Services ...................................... *
C. Disclaimers and Consents .................................................... *
D. Appellate Procedure............................................................. *
   1. Jurisdiction/Authority.................................................. 274, 316, 337, 541
   2. Who May Appeal?........................................................ *
   3. Improper Pleadings......................................................... *
E. Forum Conflicts...................................................................
F. International Issues............................................................ 384, 458
G. Evidence.............................................................................

Part III. Post-Registration Issues....................................................... *

A. Infringement and Defenses .................................................... *
   1. Famous Marks...287, 316, 351, 378, 403, 419, 492, 502, 544
   2. Likelihood of Confusion .................................................. 288, 387
      a. Similarity of Goods/Services .................... 307, 368, 503, 517
      b. Similarity of Marks ................................. 289, 300, 308, 319, 365, 368, 404, 421, 458, 468, 480, 482, 517, 520, 545
   3. Prior User ...................................................................... 503, 555
   4. Disclaimers .................................................................*
   5. Fair Use ........................................................................ 389, 410
   6. International Conventions.............................................. 291, 353, 365
   7. Symbols......................................................................... *
   8. Infringement of Unregistered Trademarks ..................... 291, 481
   9. Standing........................................................................ *
  10. Nonuse of Trademark ...................................................... 284, 301, 453, 481

(continued on next page)
11. No Likelihood of Confusion
   a. No Similarity of Marks ...........................................292, 321, 355, 421, 484, 518, 545
   b. No Similarity of Goods/Services .................................323, 369
12. Lack of Distinctiveness ..................................................275, 302, 370, 405, 491
13. File Wrapper .................................................................. *
14. Parody ...........................................................................276
15. Deceptive Use ..................................................................277
16. Absence of Willful Intent ..................................................* 
17. Descriptive Use ..............................................................292, 405
18. Equitable Defenses ..........................................................406
19. Family of Marks ................................................................* 
20. Guarantee ..........................................................................*
21. Staying of Court Action ....................................................494
22. Trade Dress .......................................................................*
23. Abuse of Process .............................................................555
24. Personal Names ..................................................................* 
25. Geographical Indications ..................................................293
26. Bad Faith .........................................................................360, 485, 519, 527
27. Exhaustion of Trademark Rights .......................................379

B. Unfair Competition ............................................................372
   1. Passing Off .....................................................................293, 324, 557
   2. Character Marks ................................................................* 
   3. Statutory Issues ..............................................................293, 506
   4. Advertising ......................................................................278, 294, 561
   5. Compensation ...................................................................*
   6. Configuration of Goods ....................................................325, 411, 423, 495
   7. Color ...............................................................................411
   8. Slavish Imitation ..............................................................470

C. Injunctions and Damages ...................................................280, 295, 309, 343, 471, 495

D. Seizures ...............................................................................295
   1. Civil Actions .....................................................................*
   2. Criminal Actions ..............................................................344, 531, 547

E. Valuation and Tax Treatment ............................................* 

F. Loss of Trademark Rights ..................................................* 
   1. Forfeiture ...........................................................................406

(continued on next page)
2. Lapsing of Registration.....................................................361
3. Nullity ...........................................................................310, 373, 473
4. Attachment of Trademark .................................................*
5. Cancellation.................................................................327, 366, 429, 508, 510
6. Dilution........................................................................330, 503

G. Post-Registration Evidence of Use and Renewals.....295, 332, 463

H. Amendments.................................................................................*
   1. Amendments to Marks..............................................................492
   2. Amendments to Registrations ....................................................*

I. Trademark Agent in a Litigation.................................................*

J. Gray Marketing.................................................................296, 303, 391, 562

K. Counterfeiting Issues..................................................297, 344, 475, 507, 548, 563

L. Opposition/Cancellation Procedure..........................297, 304, 400, 407

M. Licensing Issues ........................................................................505

N. Counsel, Conflicts.......................................................................*

Part IV. Personality Rights.................................................................*

Part V. Internet Issues.......................................................................305, 407

A. Domain Names........299, 346, 362, 370, 409, 425, 492, 519, 566

Table of Marks................................................................................568

(continued on next page)
COUNTRY INDEX

Argentina .............................................272
Australia ...........................................281
Austria ..................................................286
Benelux ...............................................299
Brazil ....................................................305
Canada ...............................................311
Chile .....................................................334
China, People’s Republic of ................338
Colombia ...............................................347
Czech Republic ........................................363
Denmark ...............................................367
Ecuador ..................................................372
El Salvador ............................................375
Estonia ...................................................377
European Community ............................381
Finland ....................................................393
France ....................................................401
Germany ................................................410
Greece ....................................................412
Guatemala ..............................................426
Honduras ...............................................428
Hong Kong ............................................430
Iceland ...................................................454
Iran .......................................................458

Ireland .....................................................459
Israel .....................................................465
Italy ......................................................468
Jordan ....................................................476
Lithuania ...............................................482
New Zealand ..........................................486
Norway ...................................................490
Paraguay ...............................................492
Philippines ............................................494
Portugal ...............................................496
Republic of South Africa .........................503
Russian Federation .................................506
South Korea ...........................................508
Spain .....................................................510
Sweden ...................................................513
Switzerland .............................................514
Syria .....................................................520
Taiwan ...................................................520
Thailand ...............................................529
Turkey ....................................................534
United Kingdom .....................................551
Uruguay ...............................................564
Vietnam ...............................................565
ANNUAL REVIEW
THE THIRTEENTH ANNUAL INTERNATIONAL REVIEW OF TRADEMARK JURISPRUDENCE

Editor’s Note

The TMR welcomes you to the Thirteenth Annual International Review of Trademark Jurisprudence.
This edition of the Review was prepared by a Task Force of the TMR under the editorship of Rosemarie Christofolo, Christy Hubbard, Paul Tackaberry, and Peter Wild. They were assisted by Joel L. Bromberg, Editor, Publications Department; John Morales, TMR Associate Editor; and Randi Mustello, TMR Managing Editor.

As was the case last year, the Review 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 edition, it will be so noted in the Table of Contents by an asterisk (*).

The Editorial Board wishes to thank not only those who have contributed, but also those who continue to monitor developments in their jurisdictions.
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.B.9.a. No Similarity of Marks

Pfizer Products, Inc. (Pfizer) filed a trademark application for VIAGRA, covering a “compound for treating erectile dysfunction” in International Class 5. Finadiet S.A. (Finadiet) opposed the application on the basis of its trademark VAGRAN, registered in the same class. Pfizer filed a court action seeking the withdrawal of Finadiet’s opposition.

The First Instance Judge admitted Pfizer’s complaint, finding that the two marks were not confusingly similar.

The Federal Court of Appeals upheld the Court of First Instance’s decision on the following grounds: (1) the product identified by the mark VIAGRA will be sold under “prescription to be filled at pharmacies,” a special restriction, used only for certain drugs, that forces pharmacists to pay more attention when selling the product, which prevents patients from self-medicating; (2) although the registration for VAGRAN covers all goods in Class 5, the mark has been used since 1983 to identify only antihistaminic and antiallergic products, which are evidently not related to the product identified with the VIAGRA mark, and Finadiet did not prove that it could use the VAGRAN mark for other products; (3) VAGRAN is always used jointly with the words ASTEMIZOL, DESCONGESTIVO, and PSEUDOEFEDRINA, which would prevent confusion; (4) Finadiet withdrew an opposition against Pfizer’s VIAGRA application in Uruguay while maintaining it against an application for the identical mark in Argentina, and Finadiet filed new applications for VIAGRAN and VAGRA-N after Pfizer’s application for VIAGRA; and (5) foreign registrations for VIAGRA and the international notoriety of the mark prove that Pfizer acted in good faith and did not want confusion with Finadiet’s trademark.

Adam Opel AG (Opel) filed an application for registration of the word mark ASTRA, to cover “passenger cars, including wagons, vans and sports cars,” in Class 12. Automotores El Triángulo S.A. (El Triángulo) opposed the application on the basis of its trademark AST-PRA & Design, registered in the same class (see below). El Triángulo’s trademark had always been used for trailers.

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Opel filed a court action seeking the withdrawal of El Triángulo’s opposition. At the same time, El Triángulo filed a court action against General Motors Argentina (GMA), Opel’s licensee of the ASTRA trademark in Argentina, seeking the discontinuance of GMA’s use of ASTRA plus the award of damages. As the actions were related, the court decided to join the cases.

The First Instance Judge admitted Opel’s complaint, finding that ASTRA was not confusingly similar to AST-PRA & Design. Consequently, the Judge dismissed the lawsuit filed by El Triángulo against GMA.

The Federal Court of Appeals upheld the decision on the following grounds: (1) the trademarks ASTRA and AST-PRA & Design were not confusingly similar; (2) even though AST-PRA & Design was known in the trailers market, it was not a famous or well-known mark according to the criteria for establishing notoriety contained in prior decisions of the Federal Court of Appeals, and therefore there was no risk of dilution; (3) Opel proved that ASTRA had been used jointly with the famous mark CHEVROLET, which increased the differences between ASTRA and AST-PRA & Design; (4) although the court did not consider previous registrations of ASTRA in different countries relevant in deciding the case, such registrations revealed that Opel acted in good faith and did not want to take unfair advantage of the prestige of El Triángulo; and (5) the risk of confusion among consumers was also reduced, as purchasers of trailers and cars are consumers who research and know the prices of the products they are buying.

In addition, the Federal Court of Appeals ruled that, as the trademarks ASTRA and AST-PRA & Design could coexist in the market without posing any risk of confusion, there was no illegal use of ASTRA by GMA, and therefore there were no grounds for the award of damages.

I.B.18. Joint Ownership

Pro Competition S.A. (Pro Competition) and Carlos Anselmo Borrione (Borrione) filed a trademark application for registration of RALLY MASTER & Design, covering all goods in International Class 25. The application encountered several oppositions by third parties, including Angel Demetrio Pliauzer Rallys (Pliauzer Rallys), whose opposition was based on the likelihood of confusion with Pliauzer Rallys’ trademark RALLYS, also registered in Class 25.

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Both applicants filed a court action seeking the withdrawal of Pliauzer Rallys' opposition. However, Borrione acted through an attorney whose authorization to act he had not ratified, so the First Instance Judge declared the proceedings in connection with Borrione null and void. As a consequence of this ruling, Pliauzer Rallys filed a preliminary objection against Pro Competition based on the latter's lack of a cause of action, arguing that the applicants should have pursued the court action jointly.

The First Instance Judge admitted Pliauzer Rallys' preliminary objection and dismissed the applicants' complaint.

Pro Competition appealed the decision. It contended that Section 9 of the Argentine Trademark Law³ permits any of the co-owners of a registered trademark to institute any court action provided for in the law for the protection of the mark. As this section specifically refers to co-applicants, there was no requirement that both applicants should pursue the court action jointly.

The Federal Court of Appeals reversed the Court of First Instance's decision, ruling that Pro Competition had a cause of action to pursue the court action independently. ⁴ The appellate court noted that there were other cases in which the applicant for registration of a trademark was assimilated to the owner of a trademark. It added that multiple owners of a trademark must act jointly in connection with acts of disposal of property, but not in connection with acts that tend to preserve a right. The court found that a court action aimed at obtaining the withdrawal of an opposition is an act that tends to preserve a right, which clearly benefits the other co-applicant.

This decision is particularly interesting, as it clarifies the rights of co-applicants for registration of a trademark. In addition, this is the first case in which a court has recognized that co-applicants need not act jointly in order to institute a court action seeking the withdrawal of an opposition.

II.D.1. Jurisdiction/Authority

During a trademark lawsuit between Maizoro S.A. de C.V. (Maizoro) and Kellogg Company (Kellogg), Kellogg filed a petition requesting that the judge recuse himself on grounds of prejudice. Kellogg argued that the judge had previously expressed his opinion about the *thema decidendum* in a similar case between the same

³. Trademark Law No. 22.362. Section 9 provides: “A trademark may be registered jointly by two (2) or more persons. The registered owners shall act jointly when licensing, transferring and renewing the trademark; any one of them may file opposition to the registration of a trademark, institute the proceedings provided for in this law for the protection thereof and make use thereof, unless there be a stipulation to the contrary.”

parties. In fact, the judge had rendered a decision about the likelihood of confusion between the same trademarks of the parties in a different case.

The Federal Court of Appeals rejected the petition. The court held that a petition to recuse is aimed at ensuring impartiality of the courts but without hindering the performance of the judicial system, and that such petition should be interpreted restrictively. It held, further, that prejudice occurs only when a court untimely expresses an opinion about a matter that is not yet in front of it, and not when the court is obliged to render a decision. To adopt a different conclusion, in the appellate court’s view, would be to imply that case law could not serve as the foundation or origin of positive law, as judges would have to recuse themselves for decisions rendered in previous cases.

### III.A.12. Lack of Distinctiveness

Gouguenheim S.A. (Gouguenheim) filed a court action against Alijor S.A. (Alijor) seeking to have Alijor cease its use of the expression DOBLE SALVADO (“double bran”) in the trademark LA SALTEÑA DOBLE SALVADO DIET, as well as for cancellation of Alijor’s registration for such mark. The court action was based on Gouguenheim’s trademark registrations for FARGO SALVADO DOBLE, FARGO SALVADO DOBLE DIETA SANA, and FARGO & Design (which included the expression SALVADO DOBLE) and on its use of the expression SALVADO DOBLE since 1982.

In its answer, Alijor argued that DOBLE SALVADO was a generic expression that constituted the necessary designation of the product, and counterclaimed for cancellation of Gouguenheim’s registrations that included the expression SALVADO DOBLE. In addition, Alijor waived its rights in the expression DOBLE SALVADO.

The First Instance Judge dismissed Gouguenheim’s complaint based on the descriptiveness of the expression DOBLE SALVADO under Section 2a of the Argentine Trademark Law, holding that it was unnecessary to rule on the cancellation of Alijor’s registration in view of Alijor’s waiver of its rights. With regard to Alijor’s counterclaim, the Judge ruled that Gouguenheim’s registrations that included the expression SALVADO DOBLE should be cancelled.

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6. Trademark Law No. 22.362. Section 2 provides: “The following are not considered trademarks and are not capable of registration: a) names, words and signs that constitute the necessary or usual designation of the product or service, or that describe its nature, function, qualities or other characteristics. . . .”
The Federal Court of Appeals affirmed the lower court’s decision with respect to Gouguenheim’s claim but reversed it with respect to Alijor’s counterclaim. The appellate court noted that Gouguenheim had claimed rights in the expression SALVADO DOBLE only as a part of other marks containing FARGO. Therefore, the court held, Gouguenheim did not have exclusive rights in the expression SALVADO DOBLE. DOBLE SALVADO and SALVADO DOBLE describe the quality of the product that is identified by the expression—that is, bread enriched with a higher proportion of bran than ordinary bran bread. Even though the Argentine Alimentary Code does not define SALVADO DOBLE or DOBLE SALVADO, that did not mean, said the court, that either term could be registered as a trademark. Consequently, the Federal Court of Appeals ruled that because the trademarks in conflict could coexist, Alijor’s request for cancellation should be dismissed.

Although several prior decisions had held that a certain term was incapable of registration because it was always the necessary designation of the product, this case is noteworthy because it concerns an expression that became the necessary designation of a product, as according to the evidence submitted the expression SALVADO DOBLE, though suggestive, was nevertheless not the actual designation of the product.

III.A.14. Parody

Elida Elsa Noverazco (Noverazco), owner of the trademark DANZA ARMONIZADORA & Design in International Class 41, filed a complaint against Televisión Federal S.A. (Televisión Federal), a television channel that had broadcast a comedy sketch parodying Noverazco’s trademark and activities (dancing therapy), asking that Televisión Federal cease its use of her trademark and seeking the award of damages.

The Court of First Instance admitted the complaint. The First Instance Judge ordered Televisión Federal to cease its use of the DANZA ARMONIZADORA mark and awarded damages to Noverazco.

Televisión Federal appealed the decision on the grounds that (1) Noverazco’s trademark had not been used in commerce, so there was no trademark infringement; (2) the comedy sketch was broadcast only once, so the petition to cease the use of such mark was groundless; (3) the comedy sketch did not make any reference to the dancing therapy promoted by Noverazco but instead referred to an undetermined type of dance; and (4) damage was not proven.

The Federal Court of Appeals\(^8\) reversed the decision regarding Televisión Federal’s use of Noverazco’s trademark. It held that as the sketch had been broadcast only once, there were no grounds on which to order Televisión Federal to cease its use of Noverazco’s mark, as such use had already ceased. The appellate court added, moreover, that the constitutional right of freedom of speech would be compromised if the court prohibited the use of the trademark in the future.

On the other hand, the Federal Court of Appeals upheld the decision regarding damages. Even though this was not a typical trademark infringement case, the court admitted that there had been an improper use of Novarezco’s trademark, as the mark was used for parody and comedy and the television audience could have associated the parodied services with those rendered under the DANZA ARMONIZADORA mark.

The appellate court’s ruling that an action seeking that use of a mark be discontinued is groundless if the party’s use of the mark is not continuous should not be interpreted as a general principle to be applied in other cases. In prior decisions, the Federal Court of Appeals has ruled that a decision must be rendered in actions seeking that the use of a mark be discontinued; otherwise, every action would become groundless once the defendant stopped using the mark. The appellate court’s discussion of the limit between trademark rights and freedom of speech is also noteworthy.

### III.A.15. Deceptive Use

The soccer team Club Atlético Boca Juniors Asociación Civil (Boca Juniors), owner of registrations for several trademarks, among them BOCA JUNIORS, BOCA, BOQUITA, and a trademark consisting of the color combination blue and yellow, filed a complaint against Editorial Atlántida S.A. (Atlántida) asking that Atlántida cease its use of Boca Juniors’ trademarks.

Atlántida, which had used Boca Juniors’ trademarks on the front cover of two issues of its magazine La Movida Azul y Oro de Teleclic (“Teleclic’s Blue and Gold Movement”), a publication dealing with entertainment, argued that its use had been fair, and was within the limits of freedom of speech. It counterclaimed for cancellation of the color combination trademark, arguing that Section 1 of the Argentine Trademark Law allows registration as a trademark only of “color combinations applied to a specific area of a product or packaging.”

The First Instance Judge dismissed the complaint as well as the counterclaim. Both parties appealed the decision.

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The Federal Court of Appeals upheld the lower court’s decision dismissing Atlántida’s cancellation action. It ruled that Boca Juniors’ registration of its color combination trademark was valid, and that, although Boca Juniors did not have a monopoly over those colors, protection of a specific color combination was possible under the Argentine Trademark Law.

However, the appellate court reversed the decision regarding Atlántida’s use of Boca Juniors’ trademarks, and admitted Boca Juniors’ claim. The court held that (1) Atlántida’s magazine had used Boca Juniors’ trademarks on its covers and had knowingly hidden or omitted the real name of the publication, thereby creating confusion among consumers as to the publication’s origin; (2) the use of third parties’ trademarks in publications is protected by the constitutional right of freedom of speech, provided such use expresses ideas, opinions, or judgments; and (3) Atlántida had illegally used Boca Juniors’ trademarks to promote and sell the publication, and had even used the trademarks to identify it, and not to express ideas or for information purposes.

This decision is interesting, as it establishes clear directions regarding the legitimate use of third parties’ trademarks and the freedom of speech principle. It should be noted, however, that Atlántida has filed an extraordinary appeal before the Argentine Supreme Court, which has not yet been decided.

III.B.4. Advertising

Cervecería y Maltería Quilmes S.A.I.C.A. y G. (Quilmes) requested an injunction against Cervecería Argentina S.A. Isenbeck (Isenbeck) to prevent the unauthorized use of the plaintiff’s trademark QUILMES in advertisements comparing both companies’ products. Quilmes based its petition on the provisions of Section 50 of the TRIPS Agreement.

The Court of First Instance granted the relief requested and issued injunctions forbidding Isenbeck from using the QUILMES mark in its advertisements or making reference to any of Quilmes’ marks. Isenbeck appealed.

The decision of the Federal Court of Appeals centered on Isenbeck’s most recent advertising campaign, which consisted of two ads. In the first ad, Isenbeck stated that its product was the better beer when compared with that of Quilmes, and offered a...
free beer to anyone who presented one QUILMES beer bottle cap. The second ad showed two beer bottles side by side, one labeled ISENBEEK beer and the other QUILMES beer. The part of the label containing the ingredients was enlarged to emphasize that Quilmes’ product contained additives, whereas Isenbeck’s was 100 percent beer.

In the interim, Isenbeck had published a new advertisement with the QUILMES mark removed and the word PIP substituted in its place. Nevertheless, the First Instance Judge also deemed this change to be a violation, and he issued a third injunction prohibiting Isenbeck from publishing the PIP ad as well.

The Federal Court of Appeals analyzed whether Isenbeck’s use of the QUILMES mark amounted to trademark infringement.

As in prior cases, the appellate court first distinguished between different types of comparative advertisements, reiterating that to use 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 a 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.

The Federal Court of Appeals went on to underline the criteria that should be followed when comparing two products. It stated that the comparison must be loyal and truthful, taking into consideration products with similar features and comparing only characteristics that are essential, relevant, verifiable, and representative of the goods or products. This, the court found, “brings the benefit of a comparative advertisement by balancing the market.”

With respect to the first of Isenbeck’s advertisements, the appellate court concluded that the trial court’s decision granting the injunction should be reversed, as it prohibited Isenbeck from mentioning or using Quilmes’ marks. The court concluded, further, that the ad that sarcastically mentioned that ISENBEEK beer was better did not, on its face, discredit QUILMES beer.

The court affirmed the injunction over Isenbeck’s second advertisement, however, finding that it failed the court’s bad faith test. It concluded that Isenbeck’s enlarged photos of both beer bottle labels did not accurately state the ingredients of the beers and discredited Quilmes’ product.

Addressing the third injunction, covering the modified ad with PIP replacing the QUILMES mark, the appellate court concluded that the trial court correctly ruled that the PIP ad was a continuation of the prior ads that mentioned QUILMES beer outright. Notwithstanding its finding, the court, using the test outlined above, reversed the injunction, declaring that to prohibit
Isenbeck from mentioning the QUILMES mark in its ads would be to violate the freedom of speech.

Although Divisions II and III of the Federal Court of Appeals have not yet had the chance to revisit the issue of comparative advertising, this decision provides a comprehensive analysis of the legality of comparative advertising in Argentina.

III.C. Injunctions and Damages

Energía y Vida de Argentina S.A. (Energía) filed a petition for an injunction restraining Farmacias de Similares S.A. de C.V. Sucursal Argentina’s (Farmacias’) use of the marks FARMACIAS DEL DR. SIMI, LO MISMO PERO MAS BARATO, and HASTA UN 75% DE AHORRO; as well as the image of a pharmacist, on the basis of confusion with the following trademarks and applications owned by the plaintiff: FARMACIAS DEL DR. AHORRO, ES IGUAL PERO MAS ECONOMICO, and the image of a pharmacist. Energía based its petition on the provisions of Article 50 of the TRIPS Agreement.

The First Instance Judge considered that Energía had met, prima facie, the requirements for the petition and granted the injunctive relief based on the similarity between Farmacias’ marks and Energía’s registrations and applications.

Farmacias appealed the decision, arguing that the marks were not confusingly similar.

The Federal Court of Appeals reversed the Court of First Instance’s decision and dismissed the injunction.12 It found that, at this preliminary stage, Farmacias’ marks were not capable of creating confusion among consumers based on the differences between them and Energía’s marks. The appellate court mentioned that DR. was the only shared word among the trademarks in conflict, and even though both parties’ marks depicted a pharmacist, their images showed two different characters—a young man with dark hair and glasses and an elder, bald man with a moustache. The court also held that a strict criterion should be followed when analyzing the requirements for an injunction, demanding a higher degree of certainty of the infringement than that needed for any other types of preliminary measures.

This decision is in line with the latest rulings of the Federal Court of Appeals in connection with the requirements to be met when applying for an injunction. However, this case caught the media’s attention after both parties made public statements in the press, which is unusual for trademark cases in Argentina.

Flamagas S.A. (Flamagas), owner of the trademark CLIPPER registered for products in International Classes 9 and 34 and services in Class 35, filed a complaint against Cerro Nevado S.A. (Cerro Nevado) asking that the defendant cease its use of Flamagas’s trademark and seeking the award of damages.

The First Instance Judge admitted the complaint, ordered Cerro Nevado to cease the use of Flamagas’s trademark, and awarded damages.

The defendant appealed the decision on the grounds that (1) the plaintiff’s trademark had not been used, so there was no trademark infringement, and (2) the plaintiff did not prove the damage suffered.

The Federal Court of Appeals upheld the decision regarding the cessation of use of the trademark CLIPPER. It found that although the products sold by Cerro Nevado did not bear Flamagas’s trademark, the mark was used in advertisements for those products.

On the other hand, the appellate court revoked the decision regarding the award of damages. The court accepted that proving damages in trademark matters is a complex task, and that damages should be presumed upon proof of infringement; however, it stated that this presumption should not be automatically applied. The court based its decision on the legal doctrine that any party claiming damages must prove them, and in this case Flamagas had not proved the existence of damages. The sale of infringing products does not, the court held, imply per se the existence of damages.

This decision is significant, as it departs from the line of Federal Court of Appeals rulings regarding the award of damages in trademark matters. Previous decisions had accepted that damages are presumed when the infringement is proved. According to this decision, in order to obtain an award of damages it is necessary to prove the infringement, as well as the existence of the damage.

AUSTRALIA

I.B.9.a. No Similarity of Marks

The Federal Court of Australia found, on appeal from the Trade Marks Office, that the trade mark LIVALO was not substantially identical with or deceptively similar to the

preexisting registration for the trade mark LIVIAL. Both marks relate to prescription pharmaceuticals.\textsuperscript{14}

The applicant before the Federal Court, Kowa Company Ltd, is a Japanese manufacturer of a pharmaceutical preparation for the treatment of hyperlipidemia. On November 11, 1999, Kowa applied to register the trade mark LIVALO, for “pharmaceutical preparations” in International Class 5. The word LIVALO was derived by combining the first two letters of each of the words “lipid,” “vascular,” and “lower.”

The respondent, NV Organon, opposed Kowa’s application before the Registrar of Trade Marks on the basis that the word LIVALO was deceptively similar to Organon’s preexisting mark LIVIAL, registered in Class 5 for “pharmaceutical products for human use.” Organon manufactures and supplies the LIVIAL brand of pharmaceutical products containing the steroid tibolone, which is used for the treatment of menopausal syndrome in women. Organon has been the registered proprietor of the trade mark LIVIAL since September 13, 1984. In May 2000, the Therapeutic Goods Administration granted approval for Organon to sell the LIVIAL product in Australia to treat symptoms resulting from natural or surgical menopause and to prevent postmenopausal osteoporosis. Organon commenced its sales of LIVIAL products in Australia in September 2000. LIVIAL is available in Australia only by doctor’s prescription.

On October 25, 2002, the Registrar of Trade Marks allowed Organon’s opposition and refused the registration of Kowa’s LIVALO mark. Kowa appealed to the Federal Court.

As the trade marks were visually and aurally different, the Court concluded that the marks were not substantially identical.

Judge Lander also found that the LIVIAL and LIVALO trade marks were not deceptively similar; that is, the trade marks did not so nearly resemble each other that the use of the LIVALO trade mark would be likely to cause consumers to wonder whether the LIVIAL and LIVALO products came from the same source.

In relation to the likelihood of confusion, Organon submitted that similarly named prescription pharmaceuticals may contribute to medication misadventure when the names look alike, sound similar when verbal instructions are given, or are confused because of poor handwriting. Instances were identified where transcription, administration, and dispensing errors could arise as a result of confusion between similarly named pharmaceuticals. However, Organon did not present any evidence to establish the prevalence of these errors. Significantly, Organon’s evidence did not establish whether there was actual confusion or the likelihood of confusion between the LIVALO and LIVIAL marks.

\textsuperscript{14} Kowa Company Ltd v. NV Organon, [2005] FCA 1282, September 13, 2005 (Lander, J.).
Judge Lander accepted that the LIVIAL and LIVALO products would be available only by prescription. In these circumstances, he considered that the most relevant class of persons, in determining whether there was a likelihood of deception or confusion (for the purposes of determining deceptive similarity), was the treating medical practitioner prescribing the appropriate pharmaceutical. The Court focused on the risk of a doctor’s misprescribing one drug for the other.

In the absence of evidence to the contrary, Judge Lander was of the opinion that:

1. Prescription drugs were not likely to be confused with each other even when they were sold under a mark that looked or sounded similar to a mark covering another drug;
2. It was unlikely that medical practitioners would confuse LIVIAL and LIVALO; and
3. The chances of a pharmacist’s, nurse’s, or patient’s confusing LIVIAL with LIVALO were remote.

As the LIVALO and LIVIAL marks were not deceptively similar, the Court dismissed Organon’s opposition to Kowa’s registration based on its preexisting trade mark LIVIAL.

In its closing submissions, Kowa sought to narrow its trade mark application so that there was no overlap with the goods within Class 5 for which the LIVIAL mark was registered. Judge Lander accepted this proposal and limited Kowa’s registration of the trade mark to “prescription only pharmaceutical preparations for the treatment of hyperlipidemia.”

There has traditionally been a stricter approach to the assessment of deceptive similarity with respect to pharmaceutical trade marks. This decision suggests that this strict approach may not apply in the case of marks registered for prescription-only drugs.

It is important to file evidence of actual or likely confusion in any pharmaceutical trade mark case. A court likely will take the view, unless the contrary is proven, that health professionals prescribing, administering, and dispensing medication will not be confused by similar trade marks used in respect of different prescription pharmaceuticals.

The outcome of this case might have been different if evidence had been presented to support the occurrence, or the likelihood of occurrence, of medication misadventure resulting from the confusion of the LIVALO and LIVIAL pharmaceuticals. In particular, evidence to establish the prevalence of transcription, administration, and dispensing errors that occur as a result of confusion between similarly named pharmaceuticals, and, more important, evidence to demonstrate that there was actual
confusion or the likelihood of confusion between the respective trade marks, would have strengthened Organon’s position.

**III.A.10. Nonuse of Trademark**

On April 23, 2003, Kowa Company Ltd applied to the Registrar of Trade Marks for partial removal from the Register of the registered trade mark LIVIAL, on the basis that the owner, NV Organon, had not used the LIVIAL mark in Australia in relation to any goods for which it was registered (namely, “pharmaceutical products for human use” in International Class 5) other than pharmaceutical products containing the steroid tibolone, which is used for the treatment of menopausal syndrome in humans. The Registrar referred the non-use application to the Federal Court of Australia.

The relevant period of inquiry into the non-use of the LIVIAL mark was the three-year period ending one month before the non-use application was filed: March 23, 2000 to March 23, 2003. Organon submitted evidence of clinical trials, published during this period, relating to the use of the LIVIAL product to treat different diseases. In addition, Organon conducted clinical trials relating to potential expanded uses for the steroid tibolone to treat osteoporosis and climacteric symptoms in women with breast cancer.

The Federal Court found that during the relevant period the LIVIAL mark was not used in Australia other than as a steroid for the treatment of menopausal syndrome in humans. Judge Lander based this finding on the following factors:

- The lack of evidence that the LIVIAL mark was used for any other pharmaceutical products for any other diseases during the relevant period.
- If the steroid tibolone were modified to treat other conditions, the resulting steroid could not be called tibolone and the pharmaceutical product would be marketed under a different name. During the period under review, Organon did not intend to market a modified form of tibolone under the mark LIVIAL.
- The various clinical trials did not indicate any intention on Organon’s part to use the LIVIAL product during the relevant period for purposes other than the uses currently approved by the Therapeutic Goods Administration (TGA).

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The contributor would like to thank his colleague Charlene Stephens, Esq., who drafted the case summaries for this issue.
• Organon had not made any application to the TGA to extend the indications for which LIVIAL might be used.

• Organon did not establish that the mark was not used for any reasons either within the industry or peculiar to Organon because of an obstacle to the use of the LIVIAL mark during the relevant period.

Organon advanced a number of reasons why the Court should exercise its discretion not to partially remove the mark, including that research results indicated other potential uses that had been and continue to be the subject of ongoing substantial expenditure. Organon claimed that it should be given the opportunity to pursue the other indications and, if it proved worthwhile, to market the product using its mark without incurring the additional expense of choosing another mark and developing a new reputation and goodwill in that mark. Judge Lander found that Organon had not been in any way active in relation to other potential indications and that there was no basis on which his discretion could be exercised. He concluded that should Kowa establish the threshold issue, that it was an aggrieved person, he would order partial removal of the LIVIAL registration.

Kowa claimed it was a person aggrieved (and therefore entitled to file an application to remove Organon’s trade mark for non-use) on the basis that the only impediment to Kowa’s registering its LIVALO mark was the existence of Organon’s LIVIAL registration, and, further, that Organon had opposed Kowa’s application.

Judge Lander noted that if Kowa succeeded in its concurrent application for registration of the LIVALO trade mark, on the basis that there was no overlap with the goods for which Organon’s trade mark LIVIAL was registered, Kowa would not qualify as a person aggrieved. The Federal Court allowed the registration of Kowa’s LIVALO mark, limited to “prescription only pharmaceutical preparations for the treatment of hyperlipidemia” in Class 5. As a result, Kowa was not a person aggrieved, and the non-use application failed.

This case is a timely reminder that trade mark owners seeking to avoid the threat of a non-use application should ensure that their mark is used in relation to the goods and services for which it is registered unless they can demonstrate that there is an obstacle to the use. If the registered trade mark is not used, or used only for some goods or services covered by the registration, the trade mark owner should consider maintaining a strategic refiling program to guard against non-use actions.
I.A.2. Assignments

During cancellation proceedings before the Austrian Patent Office against the younger trademark SKYFON, the plaintiff's older trademark SKYPHONE was assigned to a third party. (The trademarks had been registered for similar goods and services in the telecommunications field.) As it was unclear whether the assignee was entitled to sue, the Supreme Patent and Trademark Board decided the case.

The Board ruled that an assignee of a trademark must be afforded the opportunity to enter such proceedings in lieu of the former owner. Where, as here, the change of parties was to the side of the plaintiff, the opponent's consent was not required.16

Following a trademark assignment, the former owner filed a cancellation action against another trademark before the assignee had been recorded as the new owner in the trademark register. After the assignment had been recorded, the assignee announced his entry into the proceeding as plaintiff. This was contested by the defendant.

The Supreme Patent and Trademark Board deemed the change of parties admissible. As only the registered owner of a trademark was entitled to claim rights deriving from a trademark in proceedings before the Patent Office, the opponent's consent was not required. At the time the request for cancellation was filed, the assignee was not able to take action; therefore, the Board ruled, for the sake of effective and continuous protection of the trademark, that the assignee should be allowed to enter the proceedings as a party.17

I.B.2. Merely Descriptive Terms

The trademark OÖ FAMILIENKARTE (OÖ is the standard abbreviation for Oberösterreich, the federal county of Upper Austria; Familienkarte means "family card"), covering advertisement, entertainment, sports, and cultural activities, was denied registration by the Appeal Division of the Austrian Patent Office. The Appeal Division held that, depending on its use, the card served either as an information carrier or as a means of legitimation; therefore, the mark was merely descriptive and lacked distinctiveness in relation to the applied-for services.

In addition, the appellate body rejected the offered proof of acquired distinctiveness. It held that the documents proved only that the family card was associated with the county of Upper Austria or the Family Division of the county government, and not with the applicant. Although the documents submitted as proof of acquired distinctiveness could not explicitly address the applicant, if, as in this case, they clearly revealed a reference to a third party (i.e., the market sectors concerned associated the mark with a person or institution other than the applicant), the documents could not be taken into account as proof of acquired distinctiveness for the applicant.18

The international trademark HOLIDAY AUTOS, for brokerage of rental cars and car rental, was denied protection in Austria owing to lack of distinctiveness. The Administrative Court held that the mark was merely descriptive, that is, it implied the rental and brokerage of cars for holidays, and therefore lacked distinctiveness for the covered services.19

III.A.1. Famous Marks

On the basis of its older international trademark BOSS, registered for clothing, and its older firm name, the German firm Hugo Boss AG filed a cancellation action against the younger Austrian trademark BOSS, registered for tobacco and tobacco products. The firm was successful at both the first and the second instance on both grounds.

As its trademark was acknowledged to be well known and was in use for prestigious clothing, the plaintiff was allowed to extend its protection beyond the classes for which the mark had been registered. Thus, the Supreme Patent and Trademark Board held that because the target group for BOSS clothing included possible buyers of tobacco products and the trademarks were identical, the defendant acted unfairly by unjustly exploiting the older trademark and transferring the goodwill associated with that mark to its own goods.

Protection of the plaintiff's firm name also was allowed, as the statute does not require similarity of goods, but similarities of fields of business. The Board did not view clothing of high quality and tobacco as being unrelated fields of business. For neighboring fields of business, the justification for cancellation of a contested mark was, the Board held, even greater if, on account of the high profile and size of the plaintiff’s business, the consumer associated the defendant’s product with the plaintiff. If a firm name was also

used as an identification for goods, and thereby used as a trademark, the likelihood of confusion was increased.20

The owner of the well-known Austrian trademark FIRN, which has long been in use in Austria in connection with peppermint candy filled with chocolate, brought an action to prohibit the use of the designation FIRN with the adjunct “Bar & Casting Café,” for a coffeehouse–restaurant. The Supreme Court held that the public could assume that the goods and services concerned derived from the same enterprise or from an affiliated company. Therefore, there was no showing of a substantial difference in the goods and services, and consequently there was a risk of confusion.

The trademark FIRN, which had a low degree of distinctiveness (24%) but a high degree of recognition (87%, in a guided survey), was held to be a well-known mark, because there were no minimum percentages for these categories necessary to establish the character of a mark as famous or well known. The Supreme Court held, moreover, that the defendant had attempted to exploit the good reputation of the mark, which was based on the refreshing peppermint flavor of the candies, by transferring it to the defendant’s offered services.

The owner of the coffeehouse–restaurant was also enjoined from using the domain names firn.at and firn.co.at; that is, he was bound to file a request for cancellation and quitclaim deed with the registration office. The successful trademark owner was also awarded publication of the judgment.21

III.A.2. Likelihood of Confusion

The younger Austrian mark AMADEUS AIR SALZBURG & Device, registered for transportation, packaging, and storage of goods and for the providing of travel arrangements, was deemed confusingly similar to the older international marks AMADEUS and aMaDEUS, both registered for databank services for tourist information, travel arrangements, and hotel reservations.

The Supreme Patent and Trademark Board found that the marks were similar, as the name AMADEUS, which comprised the older trademark, was an important component of the younger one, and therefore was not overshadowed by those components that created the general impression conveyed by the younger trademark. Similarity of the services was also found, as enterprises dealing with the transportation of persons and luggage often also provide services for the transportation of goods. Given

the similarity of both the marks and the services covered, the Supreme Patent and Trademark Board held that there was a likelihood of confusion.22

III.A.2.b. Similarity of Marks

Within the five-year grace period for furnishing proof of use, the owner of the mark LUMINA & Device, registered for, among other things, all kinds of illuminants, brought an injunction suit, together with a claim for an interim injunction, seeking to prohibit further use of the mark LUMINOS & Device, having junior priority and also registered for illuminants. The action was dismissed in the courts of first and second instance. While the LUMINA trademark was used in connection with home lighting, the LUMINOS trademark was in use for automobile headlights. Therefore, the lower courts ruled that there was no likelihood of confusion.

The Supreme Court reversed in part, and granted the provisional injunction. It held that the word component in the conflicting marks was a decisive factor, because the public usually was guided by (and remembered) the word component of a trademark provided it had distinctiveness. The word component of each of the conflicting trademarks consisted of three syllables, of which the first two syllables (including an accentuated first syllable) and the initial sound of the last syllable ("-NA," "NOS") were identical. Therefore, the difference in the other letters of the last syllable was not enough to eliminate the possibility of confusion.

With regard to the similarity of goods, the Supreme Court held that within the five-year grace period beginning on the date of registration, a trademark was fully protected under the statute, regardless of use. In the absence of actual distribution of identical or similar goods or services, likelihood of confusion had to be judged "abstractly," that is, by the scope of protection of the trademark during this five-year period. Even if the trademark was used only for part of the protected goods or services, the scope of protection was not limited to the goods or services actually used, at least during this time period. Therefore, the Supreme Court granted the interim injunction.

In trademark infringement proceedings concerning the figurative mark for a bottle, the courts of first and second instance (the Commercial Court of Vienna and the Upper District Court of Vienna, respectively) negated a likelihood of confusion. The courts held that although the form of the conflicting polyethylene

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terephthalat (PET) bottles (both used for mineral water) was very similar, the bottles could easily be distinguished, because the similarity of the designs was overshadowed by the difference in the labels.

In revision proceedings, however, the Austrian Supreme Court admitted the infringement action. The Court held that only the similarity between the designs was relevant.

Because the trademark was registered for the design of a bottle without a label, the decisive factor was the similarity of design of the defendant’s bottle and the plaintiff’s bottle, not the distinctiveness of the labels. The designs were deemed similar because the decisive features of the protected bottle design also appeared on the defendant’s design. The Supreme Court held that, notwithstanding the defendant’s bottle’s striking label, consumers would perceive the forms of the bottles as being similar, and that in turn would likely lead to an association of the defendant’s bottle with the original product.23

The younger trademark INNOVA PARK INNSBRUCK & Device was deemed confusingly similar to the older trademark NOVAPARK, registered for a number of identical or similar services, by both the Nullity Division and the Supreme Patent and Trademark Board. It was held that the word component NOVA had the same meaning as the word INNOVA, both indicating novelty. Further, the other word component in both marks, PARK, was held to be the same. The differing graphic design of the younger trademark and the additional component INNSBRUCK, as a geographical denomination for the capital of the federal county of Tyrol, were not sufficient for the contested mark to be considered out of the range of similarity with the plaintiff’s trademark.24

The younger word-device mark MCFLEX, covering machines and tools, was deemed confusingly similar to the older mark MCFIX, registered for more or less identical goods. The uniqueness of the graphic design of MCFLEX was regarded as marginal. Similarity, and therefore likelihood of confusion, were attributable to the identical first word component MC-, the identical principle of creation of the word (MC- plus an additional word component), and the identical first and last letters of the second word components.25

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III.A.6. International Conventions

Hugo Boss AG brought an injunction suit at the County Court of Frankfurt am Main, Germany, against the owner of the younger Austrian trademark BOSS, registered for cigarettes, demanding that the defendant cease the circulation and advertisement of BOSS cigarettes inside and outside the German Republic. (BOSS cigarettes had been distributed in a duty-free shop at the Salzburg, Austria, airport.) The suit was based on the plaintiff’s Community and International Registrations of senior priority for the trademark BOSS, particularly for clothing.

About eight months after initiating the suit, Hugo Boss AG brought a similar action at the County Court of Salzburg, based on the firm’s name and claiming overall protection of the well-known trademark BOSS. The latter suit was rejected at all three instances, including the Supreme Court, because, under the European Convention on Jurisdiction and Enforcement of Judgements in Civil and Commercial Matters, the courts were incompetent to decide the issue: the initial suit had been accepted by the County Court of Frankfurt am Main, and, though the claims were dissimilar, the causes of action were identical.

The Supreme Court held that claims filed in two different countries could be assumed identical if their cause of action and legal basis were the same. Whereas the legal basis comprised the facts on which the case was based, the cause of action was, in fact, synonymous with the purpose of the action. Therefore, the cause of action was not identical to the “demand of action” under the Austrian (or German) matter of dispute. Thus, whether the core of both disputes addressed the same issue was the deciding factor. The declared goal of the interpretation of the Convention on Jurisdiction and Enforcement of Judgements to be applied was to avoid contradicting judgments, in accordance to the Convention’s concept of incompatibility.26

III.A.8. Infringement of Unregistered Trademarks

An action for injunction prohibiting the use of the term “gotv” for a broadcaster and the use of the registered Austrian trademark GO TV for radio advertising and telecommunication was filed by the owner of the magazine GO (the magazine for learners) and the Austrian trademark GO! DAS MOTORMAGAZIN, registered for, among other things, distribution of television and radio programs, both having priority. The action was successful, and an interim injunction was granted.

The Supreme Court held that the term “GO” for a magazine was fanciful and inventive; therefore, it had distinctiveness and

enjoyed protection. Furthermore, the word component GO was regarded as distinctive in the two conflicting trademarks. Thus, the inclusion of an older, unregistered sign or of the distinctive component of an older trademark in a younger design or trademark in the same or a closely related business field established a likelihood of confusion.27

III.A.11.a. No Similarity of Marks

Österreichische Post AG (Austrian Federal Post Inc.), owner of the color mark “yellow,” which was registered upon proof of acquired distinctiveness for all styles of delivery services, filed for injunctive relief against a subsidiary company of the Swiss Federal Mail for using a similar color as a background for an advertisement of delivery services in an Austrian newspaper. However, the action was dismissed by the Austrian Supreme Court. The Court held that the advertisement was merely enhanced, but not determined, by the yellow background color; therefore, likelihood of confusion could not be assumed.28

Based on its numerous Austrian MC trademarks and claiming that its brand was well known, the world-famous fast-food restaurant chain McDonald’s filed a request for cancellation of the Austrian word and device mark MC CRUISE – KREUZFAHRTEN ZU SCHOTTENPREISEN (“cruises at Scottish prices”), registered mainly for advertising and travel services, which showed the figure of a cruise ship. The action was dismissed at both the first and the second instance.

Although it was held that MC, relating to food and drink, could be seen as a reference to McDonald’s, the existence of a serial sign outside of the food and drink business was denied. An economic relation between the food and drink business, on the one hand, and the travel industry, on the other hand, was also denied, and therefore a likelihood of confusion of the contested mark with the trade name MCDONALD’S was ruled out. Moreover, it was held that the conflicting trademarks were not similar, on account of their strongly different sound and the visual appearance of the words.29

III.A.17. Descriptive Use

The Austrian word mark BSS PLUS, registered for ophthalmologic pharmaceutical preparations, was cancelled upon

27. Supreme Court, September 23, 2003, 4 Ob 138/03b—ÖBl 2004, 78.
request, as the abbreviation BSS, which stands for “buffered saline solution” or “balanced salt solution,” was a generic term for ophthalmologic sterile solutions. However, owing to its graphic design, the cancellation action against the same owner’s word-device mark BSS was rejected, as, judging from its overall appearance, the mark was perceived as an indication of origin.\(^{30}\)

**III.A.25. Geographical Indications**

During injunction proceedings, it became relevant whether the plaintiff’s trademark ST. ZENO (i.e., Saint Zeno), registered for hotel services, was perceived as a geographical indication or as a fanciful term, given the fact that the hotel lies in a part of an Austrian county known as St. Zeno. In remanding the case to the court of first instance for additional investigation, the Supreme Court held that a place that was not well known and that had neither historical, cultural, nor economical significance, and therefore was familiar only to a small percentage of the population, could be registered as a trademark. If, at the time of recordal of the trademark, St. Zeno was known only as a name for a small tract of land or a hamlet, the market sectors concerned would not perceive the trademark as a geographical indication but as a fanciful term deriving from a saint.\(^{31}\)

**III.B.1. Passing Off**

The title HEIMAT (“home country”), of senior priority, for a separate enclosure to a daily newspaper dealing with regional topics, was judged distinctive. Therefore, the use of the younger title MEINE HEIMAT (“my home country”), for a free enclosure to a free weekly journal, was prohibited by an interim injunction owing to risk of confusion.\(^{32}\)

**III.B.3. Statutory Issues**

Until 1999, civil law claims following a finding of infringement of trademark rights were regulated by the Act Against Unfair Competition. According to the Act, the statute of limitations for bringing a claim was six months, starting from the time when the claimant first became aware of the violation of the right and the violator. By amendment of the Trademark Act in 1999, these claims were shifted to trademark law *per se*, with reliance on analogous clauses of the Austrian Patent Act. Because the Patent Act did not regulate the statute of limitations regarding injunctive

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relief and because this lack of regulation had been overcome for decades by adopting the general statute of limitations, which is three years, the Supreme Court held that the general limitation period applied as well to claims for injunctive relief following infringement of trademark rights.33

III.B.4. Advertising

A manufacturer and distributor for kitchen products under the trademark DAN published a market survey in a brochure, in which it took the first place in the categories “brand equity,” “top brand,” and “perception of quality.” Another manufacturer (EWE Küchen), which took only third place in this survey, filed for injunctive relief and a preliminary injunction; it argued that the partly published market survey did not meet the scientific standards, and therefore, lacking both objectivity and verifiability, the comparative advertising was unlawful.

The petition was dismissed at all three instances. The Supreme Court held that the study, which investigated, among other things, name recognition, sympathy of a brand, degree of innovation, perception of quality, brand loyalty, and market share, did meet scientific standards. Also, brand equity was a key element of pricing, and therefore had to be viewed as a feature of the product, just as important as the price itself. Brand equity was, therefore, a valid criterion for comparative advertising, under the Austrian Competition Law, which already implemented the European Economic Community (EEC) directive for misleading advertising. In this context, it was noted that the requirements of comparative advertising have to be interpreted in favor of the advertising party.34

In a case involving a suit for an injunction prohibiting the distribution and sale of two-year-old cosmetic products of the NIVEA brand, for the first time the Supreme Court dealt with the duty of disclosure of the age of a branded product.

If the product does not meet the quality standards that are suggested by the offer, its value is thereby decreased. Therefore, the subjective perception of the market sectors involved is decisive, because this perception determines whether the product is purchased. Thus, the value of decorative cosmetic articles is diminished once they are two, three, or five years old, even if, in reality, the quality of the products was not affected by the long storage and the products, assuming regular use, may be consumed before the end of their shelf life. The vendor of cosmetic products

33. Supreme Court, August 18, 2004, 4 Ob 143/04i—ÖBl 2005, 33.
34. Supreme Court, January 20, 2004, 4 Ob 259/03x—ÖBl 2004, 160.
that have already been stored for years clearly has to indicate that it is selling remnants or old stock, respectively.35

**III.C. Injunctions and Damages**

Following a settlement of disputes concerning domain name grabbing, carried out by the WIPO Arbitration and Mediation Center and authorized by the Internet Corporation for Assigned Names and Numbers (ICANN), the prevailing party successfully claimed the costs of the procedure as damage. The Supreme Court held that the ICANN procedure, which is mandatory for all owners of “.com” top-level domains, did not constitute an arbitral procedure according to the Austrian Civil Procedural Law; therefore, claiming of the procedural costs in a separate suit was not ruled out.

The defendant was obliged to pay damages—that is, the reasonable and justified costs to save the domain. However, according to the Supreme Court, these costs first had to be determined by the court of first instance.36

**III.D. Seizures**

An Austrian manufacturer of dinnerware, which owns the international trademark GMUNDNER KERAMIK ("ceramics from Gmunden," Gmunden being a town in Austria), permitted sale of faulty goods provided the goods not be circulated within the EEC. Ultimately, the goods were purchased by a company that started to promote and sell them in Austria in spite of this condition.

An action for injunctive relief and confiscation was successful, with a preliminary injunction granted at all three instances, because the defendant could not furnish the required proof that the purchased goods had been put into circulation in the EEC with the approval of the owner of the mark. Such proof was required in order to claim exhaustion of the trademark right for the European Economic Area. Whether the provisional proceeding has to be decided on the basis of the remedy of the unlawful situation—in this case, destruction of the goods or, if possible, removal of the label—was not decided by the Supreme Court; therefore, the means of remedy have to be specified by due process of law.37

**III.G. Post-Registration Evidence of Use and Renewals**

A cancellation action, based on lack of distinctiveness and non-use within the past five years, had been filed against the trademark SHAPES, for sunglasses and accessories, as well as

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37. Supreme Court, November 18, 2003, 4 Ob 210/03s—ÖBl 2004, 220.
optical apparati and devices. The action was dismissed on both grounds by the Nullity Division of the Austrian Patent Office.

On the one hand, the Nullity Division held that SHAPES was not a merely descriptive term for the goods at hand; at most, it would have several vague connotations. On the other hand, the Nullity Division pointed out that the goods considered in an evaluation of the use of a mark must be the goods actually used (SHAPES had been in use for sunglasses for two years in the relevant time frame).

The owner of the trademark could not be unjustly limited in his business by being restricted to particular goods. Rather, related goods in the same business field also had to be considered. “Related goods” in this case referred to goods that are concordant in respect of their features and intended use. Glasses and other parts for sunglasses, spectacles, optical glasses, sport glasses, parts for spectacles, cases, and cords were related to sunglasses. The use of sunglasses did not cover optical devices and instruments, visual acuity measurement equipment, and binoculars.38

**III.J. Gray Marketing**

A wholesale merchant bought CANON products (accessories and spare parts for printers and copiers), which were designated for the U.S. market in Southeast Asia, and stored them in an Austrian duty-free storehouse. From there the goods were sold to Eastern European, non-EEC member states, assuming that mere passage in transit according to the suspensive procedure would not be regarded as placing these goods into circulation within the EEC or Austria.

A suit filed by the Japanese owner of the Austrian trademark CANON and its Austrian licensee was successful at all three instances. The Supreme Court reiterated that duty-free districts or duty-free storehouses could not be regarded as foreign or extraterritorial. Therefore, by importing trademark-law infringing goods from a non-EEC member state to an Austrian duty-free storehouse and storing the goods there for import in another non-EEC member state, the merchant had placed the goods into circulation in Austria, and thereby violated the domestic trademark law. In this context, The Supreme Court held that a nonexclusive licensee could take action against infringements of a trademark by a third party, provided the licensee was authorized to do so by the licensor.39

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III.K. Counterfeiting Issues

A company had distributed counterfeit brand-name products (ink cartridges) and offered an enforceable settlement during injunctive proceedings. The settlement was, however, not accepted by the courts of first and second instance (the District Court of Wiener Neustadt and the Upper District Court of Vienna, respectively), which held that the defendant could not dispel danger of repetition.

The settlement was allowed by the Supreme Court. The Court reasoned that if a settlement was offered by the violator without the settlement’s being subject to any conditions and it covered the complete injunctive claim and if there was no question of the violator’s intent to refrain from further violations, danger of repetition (among other things) could not be assumed. If the plaintiff justly requests publishing of the judgment, the offered settlement must include the defendant’s reasonable expense for publication. By means of such a settlement, the plaintiff would be granted everything it would achieve if its petition for injunctive relief were successful.40

III.L. Opposition/Cancellation Procedure

A trademark was cancelled voluntarily after a request for cancellation had been filed. Thereupon the Nullity Division of the Austrian Patent Office closed the proceedings without awarding the applicant the costs of the procedure, because the defendant claimed that the applicant did not give a reason for its request for cancellation. The applicant appealed.

The Supreme Patent and Trademark Board remanded the case to the Nullity Division for a revised decision on the costs. The Board ruled that the applicant was not given the right to be heard, and thereby process regulations had been neglected.41

In spite of an order by the firm’s managing director, a request for cancellation that had been served on the owner of a trademark was kept under private correspondence by the competent employee and was not forwarded to the firm’s legal representative. Upon inquiry by the managing director, the employee confirmed that the papers had been forwarded to the representative. Only after the managing director contacted the legal representative was the request for cancellation found and the failure in responding to the action revealed.

40. Supreme Court, June 24, 2003, 4 Ob 72/03x—ÖBl 2004, 77.
41. Supreme Patent and Trademark Board, March 12, 2003, Om 16/02 (Nm 87/00)—ÖBl 2005, 34.
A request for reinstatement was filed, but it was rejected by the Nullity Division of the Austrian Patent Office. The Nullity Division determined that the employee’s grossly negligent malpractice transcended a minor degree of oversight, and therefore the fault was attributable to the trademark owner.

The appeal against this decision was successful. The Supreme Patent and Trademark Board held that although the competent employee acted culpably, he could not be regarded as an authorized representative; therefore, his fault could not be attributed to the trademark owner’s detriment.  

Following cancellation proceedings, the international trademark FELINA was declared invalid for the Republic of Austria at the first instance (the Nullity Division of the Austrian Patent Office). After the filing of an appeal by the trademark owner, the plaintiff withdrew his request for cancellation upon the declared approval by the defendant. Owing to an amendment of the law, the cancellation action could have been withdrawn before the closing of the hearing of the appeal proceeding, resulting in the ineffectiveness of the decision at first instance.  

A cancellation action against a trademark had been filed by a business company without a professional representative; the request for cancellation had been dutifully signed by both managing directors, who had been entitled to act with their joint signature. At a later date, a request for revocation was signed only by one of the managing directors. Thereupon, the proceedings had been closed by the Nullity Division.

The closing of the proceeding was successfully contested. The Supreme Patent and Trademark Board remanded the case to the Nullity Division for a decision on the cancellation action on the merits, based on the fact that a cancellation action may not be validly withdrawn by only one of two managing directors of a GmbH (limited liability company) because they are entitled to sign only jointly. Notwithstanding any other provisions in the company agreement, any declaration of intention requires participation of all managing directors of a GmbH. Thus, declarations of intention will be effective only if all managing directors participate.

A contested trademark had been assigned to a new owner during a cancellation proceeding and the assignment recorded with

44. Supreme Patent and Trademark Board, April 28, 2004, Om 2/04 (Nm 88/00)—Pbl 2004, 130.
the trademark register. Although the new owner declared his joining of the action, the proceeding was continued with the original owner, and the trademark was cancelled.

The new owner, which learned about the cancellation only after two years had passed, filed a petition for revision, but only after a delay of another six months. The petition was rejected by the Supreme Patent and Trademark Board for the following reasons:

1. The fact that the new owner had not been part of the cancellation proceeding did not establish a basis for revision; and
2. The deadline for filing a petition for revision was four weeks following the cancellation.45

**V.A. Domain Names**

The owner of a hotel in the Austrian tourist community of Serfaus ran a website to advertise his hotel using the domain name serfaus.at. The community, which had the right to the name Serfaus, sued for injunctive relief and cancellation of the domain. However, the community prevailed only at the last instance.

The Supreme Court held that the defendant had violated the worthy interests of the community by using the domain name serfaus.at and thereby transferring Internet users to his website when they thought they were visiting the community’s home page. Thus, the violation of the right of the owner of the name did justify both injunctive relief and cancellation.46

**BENELUX**

**I.A.2. Assignments**

In a matter involving the ownership of the trademark HELLRAISER, registered in respect of, *inter alia(296,219),(309,226)*, dance events, the District Court of Amsterdam held that recordal of an assignment on the Register was not a precondition for claiming rights in the registration.47 The Deed of Assignment itself sufficed in this case.

The defendant, Mr. Oostendorp, had signed a Deed of Assignment of his mark over to a third party. Subsequently the mark was transferred by the third party to the plaintiff, Mr. R.J.H.

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46. Supreme Court, December 16, 2003, 4 Ob 231/03b—ÖBl 2004, 171.
Houben. No recordal whatsoever in the Registry took place, however, and the registration remained in the name of the original owner.

The Registrar held the second assignment invalid, as it was signed only by the assignor. The original owner, Oostendorp, claimed that the mark was still his, having been reassigned to him verbally, but he failed to file any proof thereof. Oostendorp had granted the second defendant in this case, The Nation’s Top B.V. (TNT), permission to use the mark in connection with a dance event. Houben thereupon claimed damages.

The District Court of Amsterdam refused the plaintiff’s claim. It considered that TNT had acted in good faith and had no way of knowing that Oostendorp was no longer owner of the mark, as the assignment was not recorded.

This decision serves as a caution to trademark owners to keep their registrations up to date.

I.B.11.e. Bad Faith

Upon his decease, all rights that had belonged to the famous artist Salvador Dali were inherited by the Kingdom of Spain. The state of Spain has granted the plaintiff in this case, the Fundación Gala-Salvador Dali, all rights in the name. During Salvador Dali’s life, the defendant, Demart Pro Arte B.V., was a trader in Salvador Dali items and its owner, Mr. Descharnes, was even a member of the Board of the Fundación, which, inter alia, operates the Salvador Dali museum in Figueiras, Spain. Mr. Dali had granted Demart temporary rights to exploit his copyright. During Mr. Dali’s life, Demart had obtained a number of registrations of the trademark SALVADOR DALI, with Mr. Dali’s knowledge.

After Mr. Dali died, the Fundación ended Mr. Descharnes’ membership on the Board and eventually revoked Demart’s mandate to use the name of Salvador Dali. When Demart again obtained a registration of the trademark SALVADOR DALI, the Fundación filed for cancellation thereof on the basis of bad faith. This was denied by the District Court of Amsterdam, which reasoned that it was acceptable policy for anyone to obtain a registration of a name that more or less resembled the name of a famous person—even failing that person’s consent.

III.A.2.b. Similarity of Marks

In reversing an earlier decision by the Regional Court, the Amsterdam Court of Appeal ruled that the trademarks T-MOBILE
and ID&T MOBILE, for telecommunications services, were similar because there was “indirect danger of confusion,” despite the fact that the Court agreed that the element T in the T-MOBILE mark had little distinctiveness. However, the T-MOBILE mark was not held solely descriptive. Additionally, a market survey had shown that a large part of the public recognized T-MOBILE as a trademark.50

III.A.10. Nonuse of Trademark

Fiat Auto Spa, the defendant in the appeal, was the owner of a registration in Benelux for the trademark TARGA. The mark had been actively used in a number of southern European countries, but not in Benelux. Fiat claimed that its use of the mark on its websites www.targaconnect.com and www.targaservices.com constituted use of the trademark TARGA in Benelux. However, the word TARGA was used on these websites only in sentences such as “Powered by Targasys.” The Court of Appeal of The Hague ruled that this was trade name rather than trademark usage.

Additionally, the texts on the website were only in Italian and English, and so were not specifically aimed at users from the Benelux countries (where French and Dutch generally are used). Under these circumstances, the Court of Appeal confirmed that Fiat had failed to show normal use of its mark in Benelux during the five years preceding the action by Porsche, and declared Fiat’s registration lapsed through non-use.51

The case of MINIMAX is one that has its roots in World War II. In overturning an earlier ruling by the Court of Appeal of The Hague, the High Court of The Netherlands ruled that the refilling of branded fire extinguishers constituted normal use that maintained the rights in the fire extinguisher brand.52

Ansul B.V. is owner of the trademark MINIMAX, registered since 1971 (incorporating user rights since 1920) in respect of a large array of goods and services all related to fire fighting. Ansul had acquired its rights in the mark from a foundation that owned property seized by the Netherlands government after World War II as foreign enemy property. Ajax’s German parent company, which still owned the brand in Germany, obtained a Benelux registration in 1992 for fire extinguishers, fire extinguishing fluids, and related


installation and maintenance services. This was followed in 1994 by a registration for services by Ansul.

During the period under consideration by the Court of Appeal (1989–1994), Ansul had not sold any fire extinguishers under its MINIMAX brand, but instead had sold only unbranded refill material to representatives. Ansul and its representatives also repaired, maintained, and inspected MINIMAX fire extinguishers during this period. In the process, Ansul did sell stickers that contained the mark and sealing strips that read “user ready MINIMAX.” The Court of Appeal had held such use insufficient to maintain Ansul’s rights in the mark, as it did not have the purpose of building up and maintaining a market share for fire extinguishers.

This, the High Court reasoned, was wrong, bearing in mind the facts and circumstances of the case and their interrelationship, as well as common industry practice. All this gave the impression that the purpose of the use was to find or maintain a market for the goods under the brand rather than solely to maintain the rights in the mark. The High Court ruled that the use as described had maintained Ansul’s rights in the mark in respect of fire extinguishing fluid (Class 1) and fire extinguishers (Class 9), but that this had been insufficient to maintain its rights in respect of other goods.

The result was that Ajax’s attempt to cancel Ansul’s registration was a Pyrrhic victory: Ajax succeeded in respect of goods in which it had no interest, and failed in respect of exactly those goods that it wished to reclaim.

III.A.12. Lack of Distinctiveness

It is standing practice in Benelux for owners of trademarks whose word elements lack distinctiveness to register the word elements in combination with a logo or fancy writing. In the case at issue, the plaintiff, Ultrasound Ltd., owned a registration for the device mark ANTWERPEN ZINGT (“Antwerp sings”). In the mark the word ZINGT was placed beneath the word ANTWERPEN and in the colour red. The defendant started the use of BRASSCHAAT ZINGT, for a similar event in Brasschaat, a suburb of Antwerp. The plaintiff brought an action in the Antwerp Commercial Court for infringement of its mark.

53. Benelux does not have a system of disclaimers. Thus, it is up to the courts to decide on the distinctiveness of word elements in a registered composite mark. As a result, trademark owners and third parties remain uncertain about the scope of protection of the registered mark until a court has made a ruling in an infringement case, as was the case in the matter discussed.

54. At the time the mark was registered, this constituted sufficient distinctiveness for the Benelux Trademarks Office. Since then, rules for the minimum level of distinctiveness of device marks have become stricter.
successful. On appeal, however, the Antwerp Court of Appeal ruled that the registration of ANTWERPEN ZINGT lacked sufficient distinctiveness, and it ordered cancellation of the plaintiff's registration. The Court of Appeal also considered that it would be against public interest to grant a monopoly to the name of the city of Antwerp.55

III.J. Gray Marketing

Exhaustion of trademark rights and parallel imports will remain a hot item as long as the European Union grants trademark owners the right to act against imports of original merchandise from outside the EEA56 that was originally put on the market by the trademark owner itself. Given the high potential for large, significant profits and the price differences that occur in the world market, such parallel trade is bound to flourish. Disputes develop where the boundaries are tested.

Kruidvat Retail B.V., the defendant in the case at issue, operates a chain of drugstores in The Netherlands. The company is not a member of the closed chain of shops entitled to sell LANCÔME perfumes; however, it sells original LANCÔME products obtained in parallel imports. To disguise the source of the merchandise (in order to hide the leaks in Lancôme's organization), Kruidvat had “decoded” the products by, among other things, cutting out or erasing the bar codes from the original packaging and replacing these with a fancy bar code. In the process, the packaging was somewhat damaged.

The Court of Appeal of Amsterdam ruled that this practice was unacceptable.57 However, the Court of Appeal confirmed that exhaustion of trademark rights had indeed taken place for the goods that Kruidvat imported prior to January 1, 1996, viz., the date that Benelux law was amended to conform to the exhaustion rules of the European Union,58 even though the amendment was not in force and even overdue at that time.

56. The European Economic Area (EEA) consists of the countries of the European Union and Norway, Liechtenstein, and Iceland.
III.L. Opposition/Cancellation Procedure

June 29, 2005, marked the day of the long-awaited first ruling by the Benelux Trademarks Office in an opposition case. The case in question contained some interesting issues.

N.V. Etec, the applicant for registration of the trademark ETEC, contested the normal use of the opposing trademark ETEX, the registrations for which were owned by Etex Group S.A. Etex Group based its opposition on, inter alia, a registration obtained in 1995. At the time that the opposing marks were registered, the registration date of a mark was considered to be the same as the application date. However, since January 1, 2004, the starting date of the opposition system, applications have first been published for opposition and have been registered only after expiration of the opposition period, irrespective of whether opposition was possible. In practice, this means that the registration date is, at a minimum, three months later than the application date. Without providing further explanation, the Trademarks Office ruled that the opposing mark—applied for on August 3, 1995—had to be considered registered on March 4, 1996, and that this latter date had to be used in the calculation of dates for purposes of the use requirement. Although this calculation had no impact with respect to the case at issue, it should be noted that, as a result, the starting date for the five-year use requirement in Benelux cannot be calculated from the dates appearing in the Register.

Etex Group’s second registration, on which the opposition also was based, dates from 2002. N.V. Etec claimed that the junior registration should not be taken into account because it would provide a trademark owner with the opportunity to avoid the use requirements of the law by filing a second application at a later date. This argument was rejected by the Trademarks Office, as nothing in the law prohibits re-registrations.

The 1995 registration consisted of the word ETEX. Etex Group could provide use information only for a device mark that included the word ETEX. The Trademarks Office held that this use had not

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Oppositions in Benelux have been introduced in phases. For applications filed up to December 31, 2005, oppositions are allowed against a limited number of classes. From January 1, 2006, the opposition system is open to all applications, irrespective of the class or classes in which they were filed.

60. The Registry has offered the explanation that the date on which an application is to be considered registered is the date on which the Trademarks Office has so decided. For applications filed prior to 2004, this date is not apparent from the certificate or from the public register; it may be obtained from the Registry upon request.

61. Unlike the situation in, among other places, the United States, an intention to use or actual use is not a requirement to obtain a valid trademark registration in Benelux.
maintained the opponent’s rights in the word mark. This holding should send a serious warning to trademark owners (and their attorneys!) to be cautious in choosing whether to register a word mark or a word and device mark.

Additionally, in assessing the likelihood of confusion, the Trademarks Office held that “building and insulation services” were similar to the building and insulation materials in the opponent’s mark.

Although Etex Group’s senior registration was no longer taken into account for failure to use, the junior registration sufficed in this case. The opposition was therefore granted and the ETEC application rejected.

V. Internet Issues

In summary proceedings, the President of the District Court of The Hague had enjoined the use by the defendants of the trademark PARTY PIANOS. Subsequently, the defendants had continued the use of the metatag PARTY PIANOS on their website, but only in the hidden part of the site. The plaintiff brought an action for violation of the original court order.

The District Court held that the complained-of use was not included in the original prohibition. It reasoned that use as a hidden metatag was not trademark use in the sense of the trademark law, as such use was not normally visible to the consumer and consequently did not directly infringe the plaintiff’s trademark rights. Use as a metatag would fall under Article 13, Section A, paragraph 1.d of the Benelux Trademarks Act (which covers any other use made of the mark without valid reason); however, this use was not included in the original order by the President of the District Court.

BRAZIL

I.B.8.a. Similarity of Marks

The Brazilian Patent and Trademark Office (PTO) published for third-party opposition an application for registration of the word mark HEINEKEN, covering beverages, syrups, and juice concentrates, in old Brazilian Class 35.10 (which corresponds to International Class 32), in the name of Cervejaria Heineken Ltda.


Heineken Brouwerijen B.V., an internationally well-known company and owner of the well-known mark HEINEKEN, filed an opposition, based on Article 6bis of the Paris Convention and Article 126 of the Brazilian Industrial Property Law. Article 126 provides that marks that are well known in their field of activity, pursuant to Article 6bis (1) of the Paris Convention, enjoy special protection, regardless of whether they have been previously applied for or registered in Brazil.

The PTO rejected the application, citing Articles 6bis, 8, and 10bis of the Paris Convention, which, respectively, protect well-known trademarks and trade names and prohibit unfair competition. It cited, further, Article 124.XIX of the Brazilian Industrial Property Law, which provides that reproductions or imitations, even with additions, of marks registered by third parties for products or services that are identical, similar, or akin to, and capable of causing confusion or association with, the marks of others are not registrable as trademarks.

In its notice of rejection, the PTO referenced two prior registrations for the trademark HEINEKEN in the name of the opponent, in old Brazilian Class 35.10.

The PTO published for opposition purposes the application filed by Sylop Participações e Comércio Ltda. for registration of STUSSY & Design (below, left), covering games, toys, hobby supplies, and gymnastics, sports, hunting, and fishing articles in old Brazilian Class 28.10./20.

The well-known company Stussy, Inc., owner of the trademark STUSSY & Design (below, right), filed an opposition, alleging the non-registrability of Sylop’s trademark, based on Articles 6bis, 8, and 10bis of the Paris Convention and Articles 124.V, 124.XIX, and 195 of the Brazilian Industrial Property Law. Specifically, Article 124.V provides that reproductions or imitations of a characteristic element in the name of the establishment or enterprise of another party that are likely to mislead or cause confusion with such a distinctive sign are not registrable as trademarks.

65. Law No. 9279/96.
67. Registration Nos. 003940500 and 004021606.
Accordingly, the PTO rejected Sylop’s application, citing Articles 6bis and 8 of the Paris Convention.69

III.A.2.a. Similarity of Goods/Services

Cobasi Comércio de Produtos Básicos Industrializados Ltda. (Cobasi), a Brazilian retailer of consumer goods since January 4, 1984, filed an opposition against the application by Cobesi Supermercado Ltda. (Cobesi), a company established on February 22, 1996, and engaged in the supermarket business, for the trademark C COBESI & Design,70 for supermarket-related services in International Class 35. The PTO dismissed the opposition and granted registration for the mark.71

Cobasi filed suit before the 37th Federal Court of Rio de Janeiro72 seeking the nullity of the PTO’s granting decision, on the following grounds:

1. Cobasi is the owner of several registrations for the mark COBASI;73
2. Cobasi’s mark COBASI and Cobesi’s mark C COBESI & Design are used in connection with the same line of services; and
3. The word COBASI is the main element of the company’s corporate name.

Cobasi requested an injunction suspending registration of C COBESI & Design pending a final decision on the nullity of the registration.

The PTO filed a motion recognizing Cobasi’s rights. In response, Cobesi filed a counterargument petition stating that the expression COBESI is an acronym formed by the initials of the corporate name of one of its quotaholders—COmercial BErton SIllva Ltda.

The 4th Panel of the Regional Federal Court of the Second Region granted the injunction, and the PTO published the suspension of the registration.74 Cobesi filed an interlocutory appeal against the decision. This appeal was rejected.

On July 27, 2004, the 37th Federal Court of the State of Rio de Janeiro rendered a final decision declaring the nullity of the

73. Registration Nos. 819991295, 811929558, 811929582, 811929590, 811929604, 811929612, 811929566, 811929574, and 821010212.
registration, on the ground that the coexistence of COBESI & Design and COBASI could mislead consumers as the marks cover similar services.\textsuperscript{75}

Cobesi appealed the lower court’s decision to the Regional Federal Court of the Second Region.\textsuperscript{76} A final decision on the appeal has not been rendered.

\textbf{III.A.2.b. Similarity of Marks}

Ceval Alimentos S/A filed suit before the 28th Federal Court of the State of Rio de Janeiro\textsuperscript{77} against the PTO and Cooperativa Regional Tritícola Serrana Ltda. (Cotrijuí) seeking the cancellation of the two registrations for Cotrijuí’s trademark TUTTI BONNA QUALIDADE CONTRIJU on the following grounds:

1. Since 1979, Ceval Alimentos has been the owner of registrations for several trademarks containing the word BONNA, in classes that include food products — namely, BONNA CANAPÉS, BONNA CREAMOSA, BONNA DIET, BONNA EXTRA, BONNA LIGHT, BONNA MIX, BONNA PLUS, and LA BONNA;\textsuperscript{78}

2. The defendant’s two trademark registrations, which the PTO granted, contain the expression TUTTI BONNA QUALIDADE CONTRIJU and are in classes that include food products;\textsuperscript{79} and

3. The PTO previously had rejected applications for the registration of PIU BONNA, BONNA, and BONNACOZINA MASSAS FRESCAS, for food products, in the name of Massas Ditália Ltda., Padaria Universal Ltda., and Selmi & Selmi Ltda., respectively.\textsuperscript{80}

In its counterargument petition, the PTO affirmed that after reexamining the case it concluded that the registration for TUTTI BONNA QUALIDADE CONTRIJU should, indeed, be declared null based on Ceval Alimentos’s prior rights. Cotrijuí countered that Ceval Alimentos never filed any administrative proceedings against the trademark in question, and that therefore the PTO granted registration.

\begin{itemize}
\item \textsuperscript{75} Decision published in Official Gazette, July 27, 2004.
\item \textsuperscript{76} Appeal No. 2002.5101.477-1.
\item \textsuperscript{77} Civil Lawsuit No. 97.0003088-1.
\item \textsuperscript{78} Registration Nos. 815.718.012, 815.302.525, 815.387.865, 815.717.938, 815.717.970, 815.657.501, 815.717.954, 815.717.997, and 007.155.921.
\item \textsuperscript{79} Registration Nos. 817.635.297 and 817.660.135.
\item \textsuperscript{80} Application Nos. 816.408.637, 816.825.360, and 815.387.865.
\end{itemize}
The judge accepted Ceval Alimentos’s arguments and declared null the registrations for TUTTI BONNA QUALIDADE CONTRIJU in the name of Cotrijuí.81

III.C. Injunctions and Damages

Masterfoods Alimentos do Brasil Ltda. brought suit before the 35th Civil Court of the State of São Paulo82 against Faze Comércio de Cereais Ltda., a Brazilian company engaged in manufacturing rice, requesting that the defendant alter its mark TIO BILL (UNCLE BILL) and cease its use of the color combination of its packaging owing to its unauthorized reproduction of the well-known UNCLE BEN’S trade dress (see below).

The lawsuit was based on the following grounds:

1. The orange background in combination with blue letters imitates UNCLE BEN’S trade dress, which is already registered as a trademark with the PTO;83 and
2. Even if the plaintiff did not own said trademark registration, the packaging imitation should be condemned on the ground of unfair competition.

The court ordered the defendant to cease its use of the mark TIO BILL and the package imitating UNCLE BEN’S trade dress.84 However, it failed to condemn the defendant to pay damages for the violation of the plaintiff’s intellectual property rights.

Both parties appealed the first instance decision.

On April 22, 1999, the Court of Appeals of the State of São Paulo denied the appeal filed by the defendant85 and ordered it to pay damages, to be determined during a subsequent liquidation procedure.

82. Civil Lawsuit No. 95.531.327-9.
83. Registration No. 814599362.
85. Appeal No. 038.098-4/3-00.
A court expert appointed to calculate the amount of damages ascertained that the defendant had earned approximately US$6 million from its sale of TIO BILL rice while the product was available in the Brazilian market. However, the expert failed to include the criteria used for the calculation of damages.

The plaintiff filed a petition asking the judge to apply the criteria set forth in Article 210.III of the Brazilian Industrial Property Law, that is, the amount corresponding to the remuneration that the infringer would have paid to the plaintiff for the trademark license.

As the Brazilian Industrial Property Law was enacted after the filing date of the lawsuit, there was a controversy as to whether the criteria foreseen in the Industrial Property Law should apply.

On April 6, 2005, the 35th Civil Court of the State of São Paulo ordered the defendant to pay the plaintiff the sum of R$809,269.35 (approximately US$300,000), corresponding to 5 percent of the net sales of TIO BILL rice in the Brazilian market, as damages.

This decision constitutes an important precedent in the Brazilian courts, as Brazilian judges generally do not impose a heavy fine for the violation of intellectual property rights.

### III.F.3. Nullity

Ayrton Senna Promoções e Empreendimentos Ltda. filed a declaratory lawsuit against the PTO and Agropecuária Grande Sul Ltda. seeking the declaration of the nullity of the registered trademark SENA, covering “alcoholic and non-alcoholic beverages, syrups, juices, ice and materials for the making of beverages and for freezing, namely, beverages, syrups and juice concentrates,” in Old Brazilian Class 35.10, on the following grounds:

1. The PTO had mistakenly granted the defendant registration;
2. The defendant was not authorized to use the name SENA, which is the surname of the world-famous Brazilian Formula 1 racer Ayrton Senna da Silva;
3. The defendant had clearly demonstrated its intention to profit from the name and fame of Ayrton Senna da Silva; and
4. The PTO, in a similar case, had rejected an application, in the name of Indústria de Conservas Vini Ltda., for

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86. Civil Lawsuit No. 95.0001902-7.
87. Registration No. 814.233.546.
registration of the trademark SENA, based on the fact that the word SENA was an imitation of the racer’s family name.

In its motion, the defendant argued that the mark SENA was not an imitation of Ayrton Senna’s name and that for this reason its nullity should not be declared.

The PTO, in turn, argued that the declaratory procedure was not applicable to a request for cancellation of a trademark registration, as it would lack the effect of undoing a legal fact, and that the plaintiff should have filed an ordinary nullity action instead. Despite this procedural argument, the PTO admitted that the trademark SENA was very similar, both phonetically and graphically, to the name Senna.

On April 5, 2005, the 5th Federal Court of the State of Rio de Janeiro ruled that declaratory lawsuits were applicable to requests for the cancellation of trademark registrations, and consequently it declared the nullity of the registration for SENA.89

**CANADA**

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

In *Canadian Council of Professional Engineers v. John Brooks Co. Ltd.*,90 the Federal Court relied on Section 12(1)(b)91 of the Canadian Trade-marks Act92 in refusing Brooks’s application to register the trade-mark BROOKS BROOKS SPRAY ENGINEERING & Design, for the distribution of sophisticated spray equipment. The Court accepted the argument of the plaintiff, a national professional engineers association, that because provincial laws regulated the use of the word “engineer,” Brooks’s use of that term would cause the public to assume that Brooks offered engineering services and employed professional engineers, which was not the case. Because SPRAY ENGINEERING dominated Brooks’s mark, the objectionable nature of those words rendered the entire design mark unregistrable.

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91. Section 12(1)(b) provides: “[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. . . .”
I.B.12. Famous Marks

The Federal Court of Appeal affirmed the Federal Court's dismissal of the opposition by Mattel (owner of the trade-mark BARBIE, for dolls and other toys) to the registration of BARBIE’S & Design for restaurant services.93

The Federal Court had concluded that while Mattel's mark enjoyed a very extensive worldwide reputation in association with dolls, the mark's notoriety was only one factor to be considered.94 In the Court's view, if fame could prevent all other uses of a mark, the fundamental concept of granting a trade-mark in association with certain goods would be rendered meaningless. The Court said that dolls and restaurants “could not [be] more different.” The Federal Court also gave no weight to Mattel's survey, in which respondents were given no information about the applicant's restaurant and anyone familiar with the applicant's business was excluded.

On appeal, Mattel argued that the Federal Court erred in rejecting its survey. In a one-page decision, the Federal Court of Appeal dismissed Mattel's appeal. The Court of Appeal held that the survey questions at best established a possibility of confusion, “a threshold which falls short of the recognized statutory standard of 'reasonable likelihood of confusion.'” In the Court's view, “this was in itself sufficient ground for the Trial Judge's decision to attribute little or no weight to the survey.”

I.B.13. First to Apply Versus First to Use

The Federal Court of Appeal's decision in Effigi Inc. v. Attorney General of Canada95 has changed how the Registrar of Trade-marks determines which of two pending applications for confusing marks should be approved for advertisement. Now, the earlier-filed application prevails, even if the later-filed application claims a date of first use that predates the earlier-filed application's filing date or first use date. Prior to this decision, the Registrar routinely approved the application that claimed an earlier first use date.

On December 19, 2000, Effigi applied to register the trade-mark MAISON UNGAVA, based on proposed use in association with bedding products. On October 19, 2001, Tricorn Investments Canada Ltd. applied to register the trade-mark UNGAVA,
claiming use since 1981 in association with similar goods. Initially, the Registrar refused Effigi’s application pursuant to Sections 37(1) and 16(3), on the basis that Effigi was not the person entitled to the registration of MAISON UNGAVA because the mark was confusing when compared with Tricorn’s previously used and confusingly similar mark. The Federal Court allowed Effigi’s appeal and ordered the Registrar to advertise the MAISON UNGAVA application.

On further appeal, the Federal Court of Appeal “basically subscribe[d]” to the Federal Court’s reasoning. The Registrar’s practice of preferring earlier-used marks over earlier-filed applications was longstanding, but this practice, the Court of Appeal said, could not frustrate the law. Moreover, the issue was one of pure law, with regard to which the Registrar had no special expertise, and could be determined independently of any evidence on the record.

The Court of Appeal rejected the Registrar’s submission that the question had not been decided in its ruling in Unitel, where the Court said, in dicta: (1) Section 37(1) is a complete code that governs the procedure on review of an application for registration; (2) the Registrar is vested with considerable authority, namely the power to summarily refuse an application for registration; (3) Parliament in its wisdom put limits on this authority, restricting it to cases where the procedural requirements of Section 30 are not met, where the mark is “not registrable,” and where the mark is

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96. Section 37(1) provides: “The Registrar shall refuse an application for the registration of a trade-mark if he is satisfied that

(a) the application does not conform to the requirements of section 30,
(b) the trade-mark is not registrable, or
(c) the applicant is not the person entitled to registration of the trade-mark because it is confusing with another trade-mark for the registration of which an application is pending,

and where the Registrar is not so satisfied, he shall cause the application to be advertised in the manner prescribed.”

97. Section 16(3) provides: “Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;
(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or
(c) a trade-name that had been previously used in Canada by any other person.”

Similar provisions apply to applications based on use in Canada (Section 16(1)) and use and registration in a foreign country (Section 16(2)).

not entitled to registration, not for the reasons set out in Section 16 but solely because it is confusing when compared with a mark that is the subject matter of a pending application; and (4) if Parliament had intended that the confusion contemplated in Section 37(1) could also result from previous use, it could easily have repeated the language of Section 16.

This interpretation was “more logical and easier to apply” than that proposed by the Registrar, considering that (1) in the normal course of things, the Registrar summarily examines applications in chronological order, beginning with the one that has the earliest date of filing; (2) if there is no confusion with a mark that is pending when the application is filed, and if the other requirements of Section 37(1) are fulfilled, the application is accepted for advertisement, and any owner that claims a previous use and confusion with its own mark may file a statement of opposition; and (3) according to the practice previously followed by the Registrar, administrative delays that are beyond the control of a first applicant could force it to become an objector if a subsequent applicant were to appear with an allegation of confusion and previous use.

The Registrar was unable to cite “any disadvantage whatsoever” that might result from a “first come, first served” policy. The importance of previous use in the protection of trademarks was not offended by forcing a second applicant that claims previous use “on the strength of a mere allegation” to resort to the opposition procedure in order to establish, “on the basis of more elaborate evidence,” its right to registration on the basis of previous use.

It is true that the Effigi decision effectively brings Canadian procedure closer to that of the United States. However, the case in no way alters the overriding principle that an earlier user of a confusing mark is entitled to registration over subsequent users, regardless of when the earlier user’s application was filed. The primary effect of Effigi is merely that the opposition proceedings will be in respect of the earlier-filed application, rather than the later-filed application that claims use prior to the date of the earlier-filed application. In other words, the claimed first use dates will not affect the Registrar’s decision to approve an application for advertisement; however, this should not affect the outcome of such opposition proceedings, unlike the situation in the United States, where third-party use prior to a filing date is not a ground for opposition (though it is a ground for cancellation in certain circumstances).

**I.B.23. Official and Certified Marks**

Two new cases join the handful of decisions in which the Federal Court has “cancelled” an official mark.
In College of Chiropodists of Ontario v. Canadian Podiatric Medical Association, the College asked the Federal Court to quash the Registrar’s decision to publish the mark PODIATRIST as an official mark of the Association. The Court concluded that the Association was not a “public authority” because it did not meet the governmental control/public benefit test set out in Ontario Association of Architects v. Association of Architectural Technologists. In particular: (1) the government of Canada could not review or “intervene” in the operations of the Association; (2) the Association’s assets were not available to the public in the event that the Association was wound up; and (3) the Association’s affairs were not subject to any statutory control or regulation. The Association was a professional organization, lobbying with various bodies, including the federal government, on behalf of its members, as opposed to a regulatory body. The mere presence on its Executive Council of persons who were employed with provincial regulatory bodies did not confer any regulatory power on the Association.

Canadian Rehabilitation Council for the Disabled v. Rehabilitation Foundation for the Disabled involved a dispute between a national charity and its disgruntled provincial chapter, each of which claimed the right to use the mark MARCH OF DIMES. The national Council applied for judicial review in an effort to overturn the Registrar’s decision to publish the provincial Foundation’s adoption of official marks comprising the expression MARCH OF DIMES. The Federal Court agreed with the Council that the Foundation’s use of the marks was under license and therefore did not give the Foundation any independent legal entitlement to the marks. In a 1965 agreement between the parties, the Council granted the Foundation, as a licensee of the Council, permission to use the mark THE MARCH OF DIMES. (Over the years, the Foundation also used the marks MARCH OF DIMES and ONTARIO MARCH OF DIMES.) The 1965 agreement was replaced in 1971 by a similar agreement, which was renewable annually. However, there was little evidence showing that the Foundation renewed it, though the Foundation did not expressly terminate it. The Council proposed a new agreement in the 1990s, but the Foundation did not sign it. In 2001, after becoming dissatisfied with the Council’s performance, the Foundation obtained the official marks at issue.

The Court found that the Foundation’s use of the MARCH OF DIMES and ONTARIO MARCH OF DIMES marks derived solely from its status as a provincial licensee of the Council and served to identify it accordingly. The Foundation had no independent legal entitlement to these marks. The Council “no doubt tolerated all of these uses because they enured to its benefit by advancing the charitable causes to which it was devoted.” The Federal Court was aware of prior decisions holding that a licensee’s use of an official mark does enure to the licensor’s benefit; however, in this case a different question was before the Court, namely whether the Foundation could satisfy Section 9(1)(n)(iii) by showing use of a licensed mark. If the Foundation’s argument were accepted, any public authority would risk limiting the scope of its intellectual property by entering into a licensing agreement with another public authority.

II.D.1. Jurisdiction/Authority

In Footlocker Group Canada Inc. v. Steinberg, the Federal Court of Appeal affirmed the Registrar’s decision to cancel Footlocker’s registration for the trade-mark WOOLWORTH pursuant to Section 45 (Canada’s summary cancellation proceedings for non-use) because the Federal Court (the first appellate court) wrongly conducted a correctness review of the Registrar’s decision when, in fact, it should have applied a reasonableness standard. Accordingly, the Federal Court was obliged to defer to the Registrar’s lack of concern over the gap in evidence connecting Footlocker with the use of the WOOLWORTH mark. The Registrar’s decision would have been unreasonable only if there were no line of analysis that could reasonably lead from the evidence to the decision. “This means that a decision may satisfy the reasonableness standard if it is supported by a tenable explanation even if this explanation is not one that the appeal court finds compelling.”

III.A.1. Famous Marks

The Supreme Court of Canada’s decision in Veuve Clicquot Ponsardin v. Les Boutiques Cliquot Ltée is expected early in 2006. Canada’s highest court will consider the Federal Court of Appeal’s dismissal of the action for trade-mark infringement, passing off,


and depreciation of goodwill initiated by Veuve Clicquot. Veuve Clicquot—the maker of VEUVE CLICQUOT champagne—objects to Boutiques’ use of CLIQUOT as the name of its retail store dealing in women’s clothing. The Clicquot appeal is being heard together with the appeal in Mattel, Inc. v. 3894207 Canada Inc. At issue is the application of the ruling in Pink Panther Beauty Corp. v. United Artists Corp., in which the Federal Court of Appeal held that there cannot be confusion absent a link between the parties’ goods, regardless of the fame enjoyed by the senior user’s mark.

Until the Federal Court’s decision in Remo Imports Ltd. v. Jaguar Cars Ltd., a famous brand owner had not successfully opposed the use of its mark on disparate goods since 1997, when the James Bond franchise shut down a chain of “007” restaurants. In addition to BARBIE’S restaurants and CLIQUOT clothing stores, the Federal Court has refused to restrain PINK PANTHER beauty supplies and LEXUS canned fruit. The Jaguar Cars case may have presented the best opportunity in years for a full assessment of the breadth of protection available to a famous trade-mark. Justice Shore’s finding of a sufficient connection between JAGUAR-branded cars and luggage/backpacks laid the groundwork for his declaration that Remo’s long-standing registration was invalid, in part because, from its inception, Remo’s sale of JAGUAR luggage and bags (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. There could be no benefit from the public’s connection between Remo and the JAGUAR mark because that was the result of Remo’s illegal activities.

At issue was the legality of Remo’s 1980 adoption of—and 1981 registration of—the JAGUAR trade-mark for luggage, bags, and backpacks in the face of Jaguar Cars’ extensive use of the

107. 2006 F.C. 21 (F.C. January 16, 2006) (Shore, J.). Remo has moved for a stay of Justice Shore’s order, which is likely to be followed by Remo’s appeal to the Federal Court of Appeal.

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.

same mark in Canada for cars (since the 1930s) and personal accessories, including suitcases and vehicle wallets (1950s) and leather key fobs (1960s). This line of accessories was expanded in the early 1980s to include, in Justice Shore’s words, “life style items, luxury items . . . the kind of products that supported the kind of life that the Jaguar driver would be living in accordance with Jaguar Cars’ promotion.” The Court found as a fact that each party was unaware of the other until the early 1990s, when Remo commenced an action for infringement of its 1981 registration, 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), trade-mark infringement, passing off, and cancellation of Remo’s 1981 registration for Luggage Wares. Accordingly, the case involved a peculiar set of facts: (1) both parties owned registrations for the identical mark and identical goods, which registrations had coexisted on the Register for three to four years prior to the commencement of the action; and (2) the proceedings were initiated by the junior user, with the owner of the famous mark being plaintiff by counterclaim.

Even without considering Jaguar Cars’ survey evidence, the Court concluded that “Jaguar Cars’ trademark JAGUAR associated with automobiles was, as of 1980, 1991 and at the present a famous mark, and therefore was and is worthy of the breadth of protection afforded the most well known marks.” In making this finding, Justice Shore relied on 44 years of extensive Canadian use of the JAGUAR car mark by 1980, registrations in 95 countries, and millions of dollars of sales in Canada, as well as extensive promotion and independent articles and books about the brand.

After a thorough review of prior cases in which the breadth of protection for similarly famous marks was extended to goods or services outside the senior user’s core classes, Justice Shore concluded that “Pink Panther did not set out a new principle, rather the Court of Appeal merely restated that there will almost never be a likelihood of confusion if the parties’ wares are entirely dissimilar. There must be a connection or link.” In the process, the

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Court articulated a four-factor connection test for identifying a sufficient linkage to a junior user’s disparate goods. In the context of the facts in Remo v. Jaguar Cars, Justice Shore’s four connection factors are:

1. *Function and Concurrent Use.* “The primary function of [cars and Luggage Wares] is the transportation of individuals and their possessions. Auto trunks are meant for holding Luggage Wares.”

2. *Worldwide Industry Practice.* “By the 1930’s and at least the late 1970’s numerous auto brands had been extended (by use and/or registration) to Luggage Wares internationally and in Canada.”

3. *Actual Extensions by the Senior User.* “Jaguar Cars’ distribution of Luggage Wares since the 1950s is a strong indication of a real-life connection between those Wares, which is reinforced by Jaguar Cars’ full expansion in the 1980s.”

4. *Brand Attributes.* “Where the brand attributes perceived by consumers are strongly connected, the Courts will take note.”

Owing to the connection with cars, luggage and other carrying goods were said to fall within Jaguar Cars’ “zone of expansion,” into which Jaguar Cars alone had the right to enter. Remo’s wrongful usurpation of this opportunity was analogized to the complained-of conduct of Canadian-based junior users in the “foreign goodwill” cases, where such junior users have been restrained from appropriating U.S.-based senior users’ ability to expand into Canada on the basis that the latter’s marks have become known in Canada as a result of use in the United States (i.e., without any technical “use” in Canada).

**III.A.2.b. Similarity of Marks**

In Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc., the Federal Court found Produits liable for infringement of Hilfiger’s registered trade-mark No. 095, for, *inter alia*, clothing, arising out of Produits’ use of the mark in association with souvenir items, including T-shirts (see below).

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112. Such a right appears to have been the basis of the decision in Cartier Inc. v. Cartier Optical Ltd., [1988] 20 C.P.R. (3d) 68, at 70-71, QL at 3 (F.C.T.D.) (Dube, J.).


However, the Court dismissed (1) Hilfiger’s allegation that Produits had infringed the TOMMY HILFIGER registration, as well as three of Hilfiger’s other registered trade-marks (the “Other Flag Marks”) (see below); (2) Hilfiger’s passing-off action;\(^\text{115}\) (3) Hilfiger’s action for depreciation of goodwill;\(^\text{116}\) and (4) Hilfiger’s actions against Produits’ sole shareholder Rosen, as well as Produits’ counterclaim for damages of $1 million for reductions in sales and profit margins and share prices, and for cancellation of Hilfiger’s registrations.\(^\text{117}\)

On the basis that Produits’ mark was not identical to any of Hilfiger’s marks, the Federal Court rejected Hilfiger’s Section 19 infringement claim.\(^\text{118}\) Responding to Hilfiger’s argument that Produits had added merely descriptive or generic words and designs to Hilfiger’s marks, the Court noted that “the basic principle of addition implies a change, even if it is a minor one, between the original product and the new one.”

Hilfiger’s Section 20 infringement claim\(^\text{119}\) with respect to the Other Flag Marks was rejected on account of the visual differences between the marks (No. 827) or the differences between the goods (Nos. 283 and 082 were registered in respect of personal care products such as body lotion and perfume). However, the Court concluded there was a likelihood of confusion between Produits’

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\(^{115}\) See III.B.1. Passing Off.
\(^{116}\) See III.F.6. Dilution.
\(^{117}\) See III.F.5. Cancellation.

\(^{118}\) Section 19 provides: “[T]he 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.”

\(^{119}\) Section 20(1) provides: “The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark. . . .”
mark and Hilfiger’s No. 095, based on the fact that (1) No. 095 was a strong mark because of its originality in design; (2) No. 095 had acquired distinctiveness through years of extensive publicity and sales; (3) No. 095 was registered and used two years before Produits’ mark; (4) there was overlap in the parties’ goods, as well as in the stores through which they were sold; and (5) the degree of visual resemblance between the marks was “very high.”

Hilfiger argued that Rosen should be held personally liable because he was (1) the sole shareholder and co-director of Produits; (2) intimately involved in the creation of Produits’ mark, and had made the ultimate decision to have Produits use the mark; and (3) personally aware of the Hilfiger marks. In order to find Rosen so liable, the Court had to conclude that Rosen had deliberately, willfully, and knowingly pursued a course of conduct that would incite infringement or that he was indifferent to the risk of infringement. The Federal Court recognized that “the precise formulation of the appropriate test [was] obviously a difficult one,” and that “[r]oom must be left for a broad appreciation of the circumstances of each case. . . .” In the end, the evidence did not demonstrate deliberate, willful, and knowing pursuit on Rosen’s part. There was no convincing evidence that Rosen ever acted outside his capacity as a director or officer of Produits.

III.A.11.a. No Similarity of Marks

A&W Food Services of Canada Inc. v. McDonald’s Restaurants of Canada Ltd.120 involved an allegation of “reverse confusion” between A&W’s mark CHICKEN GRILL, for grilled chicken sandwiches, which was registered in 1988 and officially launched the next year, and McDonald’s mark CHICKEN McGRILL, which had been used since 2001 for a similar product. The Federal Court dismissed A&W’s claims for infringement and depreciation of goodwill,121 as well as McDonald’s counterclaim for cancellation of the CHICKEN GRILL registration on account of non-distinctiveness.122

As in the Hilfiger decision, the Federal Court dismissed A&W’s Section 19 infringement claim. It found that the difference between the CHICKEN GRILL and CHICKEN McGRILL marks was not “so insignificant that it would go unnoticed by the average consumer,” and according to the expert evidence that was not the case.

After dismissing A&W’s Section 19 infringement action, the Court considered Section 20, which entailed an assessment of the likelihood of confusion between the parties’ marks. It noted that

121. For a discussion of the depreciation claim, see III.F.6. Dilution.
122. For a discussion of McDonald’s invalidity claim, see III.F.5. Cancellation.
this was the first time a Canadian court had considered an allegation of “reverse confusion.” In particular, A&W argued that McDonald’s trade-mark caused A&W customers to believe that a CHICKEN GRILL sandwich came from McDonald’s or, at least, had some connection with McDonald’s. After reviewing the U.S. authorities, the Court concluded that the test for reverse confusion was the same as the test for forward or direct confusion: “While reverse confusion cases may typically arise on particular facts, the [U.S.] courts apply the same criteria as they would in any other confusion case.”

The Federal Court ruled that there was no need to rely on U.S. authorities to decide a claim of reverse confusion in Canada because the Canadian Trade-marks Act was broad enough to cover both forward and reverse confusion. However, it held that there was no likelihood of confusion between the parties’ marks, in view of the fact that (1) the evidence of actual confusion was “very weak”; (2) A&W’s survey evidence established neither confusion nor the acquired distinctiveness of its CHICKEN GRILL mark; (3) the more reliable linguistic evidence showed that the Mc-prefix was meaningful and “significantly reduce[d] the likelihood of confusion about the source of each party’s product”; and (4) the parties targeted different segments of the market (adults versus children). While accepting the possibility of reverse confusion in the circumstances of this case, the Court decided that the evidence “simply [did] not establish A&W’s claim.”

The Court’s treatment of A&W’s study is instructive, considering how infrequently Canadian courts conduct a detailed critique of survey evidence. While the study “did indeed show that nearly three-quarters of fast-food customers correctly identified McDonald’s as the source of the ‘Chicken McGrill’ . . . this [did] not necessarily mean that three-quarters of these people were aware or had previously heard of the ‘Chicken McGrill.’” Moreover, A&W’s methodology did not remove the possibility that those who named McDonald’s as the source of the CHICKEN GRILL sandwich did so “for reasons completely unrelated to the existence of the ‘Chicken McGrill’, such as McDonald’s dominant presence in the fast-food market.” The Court was also struck by the fact that almost as many people thought the CHICKEN GRILL product came from KFC or Burger King as from McDonald’s. Of the 286 people who were asked which restaurant would sell the CHICKEN GRILL sandwich, 250 did not think of McDonald’s at all, and only 12 mentioned A&W. To the Court’s mind, “the raw numbers [did] not reveal much of an association between ‘Chicken Grill’ and McDonald’s. Nor [did] the figures lend support to the possibility that consumers [we]re confused because of their prior awareness of the ‘Chicken McGrill.’”
In McDonald’s survey, 71 percent of A&W customers had heard of the CHICKEN McGRILL sandwich and 18 percent mentioned McDonald’s spontaneously. When specifically asked to name the source of the CHICKEN McGRILL product, 70 percent correctly identified McDonald’s; less than 1 percent mentioned A&W. Overall, the Federal Court concluded, the statistical evidence did not prove confusion.

**III.A.11.b. No Similarity of Goods/Services**

In *WIC Television Ltd. v. ITV Technologies, Inc.*, the Federal Court of Appeal affirmed the lower court’s decision dismissing WIC’s action for trade-mark infringement, passing off, and depreciation of goodwill, which arose out of Technologies’ use of trade-marks and domain names comprising ITV in association with Internet webcasting services. (Technologies did not appeal the dismissal of its request for cancellation of WIC’s registration for the ITV mark, in respect of traditional broadcasting services.) At its www.itv.net website, Technologies webcasted archived video footage and live events over the Internet in accordance with users’ selections. Since 1972, WIC, a traditional television broadcaster and producer of programs, had operated a station in Edmonton under the name ITV. WIC’s website at www.itv.ca communicated news, weather, and financial and entertainment information.

WIC argued that the trial judge underestimated the degree to which its marks had become known in connection with services other than its television station. The Court of Appeal refused to interfere with the trial judge’s findings: “Where the question before the Court is one of degree, requiring a judge to decide where an element falls along a continuum, the fact that the judge decides that the element falls higher or lower on the continuum than expected does not amount to a palpable and overriding error, unless there has been a failure to consider relevant evidence. The fact that specific portions of the evidence are not referred to in a judge’s reasons does not mean that the judge failed to consider that evidence.” As long as there was evidence (which there was) that provided rational support for the trial judge’s conclusion that the parties’ services were related but not similar, and that an ordinary consumer would have been able to grasp the difference, the Court of Appeal was not justified in intervening. Whatever may have been WIC’s intentions in terms of expansion into webcasting, from the jurisprudence it was “clear that a party’s assertion of expansion into new areas of products or services, or

125. See discussion at III.F.6. Dilution.
the possibility of such an expansion, is insufficient to support a finding of confusion.”

In *Tradition Fine Foods Ltd. v. Oshawa Group Ltd.*, Tradition alleged that Oshawa’s use of the marks TRADITION MARKET FRESH FOODS and LES MARCHÉS TRADITION, for retail stores dealing in food products, including baked goods, infringed Tradition’s registrations for its mark TRADITION, for frozen and unbaked baked goods. The plaintiff also alleged passing off and depreciation of goodwill in its registered trade-mark. In rejecting Tradition’s infringement action, the Federal Court noted that (1) Oshawa’s grocery stores sold a “vast array” of food products; (2) Oshawa did not use its marks including TRADITION specifically in relation to bakery products; and (3) while in-store bakeries were an important part of Oshawa’s stores, that in itself was “certainly not enough to show infringement.” The Court acknowledged that the defendant’s use of its TRADITION marks “could arguably be confusing,” but held that such use “[did] not, strictly speaking, offend [Tradition’s marks] for bakery products as protected under [Section] 19 of the Trade-marks Act.”

**III.B.1. Passing Off**

In *Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc.*, the Federal Court found that Hilfiger had established the first two elements of a passing-off action—(1) significant goodwill or reputation for its marks by reason of their extensive use in advertising and substantial sales in Canada, and (2) a likelihood of confusion between the Produits’ goods—but failed to establish the third element—actual or potential damage.

The Court faced the “same absence of evidence” as in the depreciation of goodwill claim with regard to the negative impact that Produits’ competition had on Hilfiger’s business. “Not only was [the Court] not presented with evidence quantifying the damage to the plaintiffs’ interests but [it] was not presented with evidence showing merely the nature of the damage.” The only piece of evidence that “remotely touche[d] on that point” was a customer complaint about the Produits goods. But the witness could not recall the name of the owner of the store at issue, which had been closed. As a consequence, no weight was given to the complaint. “In any case, without other evidence, this type of isolated incident would be, even if credible, highly insufficient to meet the ‘potential or actual damage’ threshold necessary to conclude [that] passing-off...
off [had occurred]. . . .” In sum, considering the absence of evidence with regard to potential or actual damage to Hilfiger, the Court could not conclude Produits was involved in passing off.

**III.B.6. Configuration of Goods**

On November 17, 2005, the Supreme Court of Canada issued its much-anticipated decision in *Kirkbi AG v. Ritvik Holdings Inc.*,129 where Lego (Kirkbi) was relying on the common-law tort of passing off to claim a monopoly over the sale of LEGO children’s building blocks embodying the shape depicted below, namely, the upper surface of the block with eight studs distributed in a regular geometric pattern (“Lego’s Design”).

Lego’s Design—which resulted in a locking system that increased the friction between the bricks and enhanced their “clutching power”—was the subject of Lego’s long-expired patent. When the patent expired, Ritvik (Mega Bloks Inc.), which was based in Montréal, began to market its look-alike block. Canada’s court of final appeal agreed with the lower courts130 that Lego was unable to restrain the sale of Mega Bloks’ similarly shaped blocks. The Supreme Court rejected Lego's constitutional challenge to Section 7(b)131 (the statutory embodiment of the common-law tort of passing off) and reaffirmed the principle that trade-mark rights do not extend to purely functional designs, such as Lego’s Design, and cannot be used to perpetrate the protection once offered by a patent. The Court dismissed Lego’s constitutional challenge and passing-off action, and concluded that the doctrine of functionality applied to registered and unregistered trade-marks alike.

Lego’s challenge to Section 7(b) was raised only after both levels of the Federal Court had rejected its passing-off action. In short, Lego argued that Canada’s federal government was acting outside its constitutional jurisdiction when it enacted Section 7(b), as the provision is not linked or connected in any way to the registration scheme in the Trade-marks Act. The Constitution

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131. Section 7(b) provides: “[No person shall] direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another.”
Act—where various powers are divided between the federal and provincial governments—does not mention trade-marks, but it does specifically grant exclusive jurisdiction (1) over trade and commerce to the federal government and (2) over property and civil rights to the provinces. To determine whether a piece of federal legislation falls within the trade and commerce power, the courts look at a number of factors, notably the following: (1) the legislation must be part of a regulatory scheme; (2) that scheme must be monitored by a regulatory agency; and (3) the provision must not single out a particular industry. In applying these factors, the Supreme Court noted that Section 7(b)—in isolation (i.e., apart from the other provisions of the Trade-marks Act)—appears to encroach on provincial powers over property and civil rights. Nevertheless, because Section 7(b) is sufficiently integrated into the scheme as a whole, its enactment was a proper exercise of federal jurisdiction. The Court noted further that Section 7(b) is remedial: its purpose is to enforce substantial aspects of the statute that relate to unregistered trade-marks. Moreover, the passing-off action protects unregistered trade-marks and goodwill enjoyed by trade-marks, and accomplishes this with minimal intrusion into provincial territory. Accordingly, Section 7(b) does not expand federal jurisdiction; it merely rounds out an otherwise incomplete trade-mark regime.

Lego’s constitutional challenge spawned a detailed analysis of the similarities and differences between registered and unregistered trade-marks and the foundation of the protection afforded under Canadian law. The Supreme Court disagreed with Lego’s argument that the Trade-marks Act’s regulatory regime is restricted to registered trade-marks, noting the numerous ways in which the legislation protects unregistered trade-marks: “The primary difference between registered and unregistered trade-marks under the Act is that the rights of a holder of a registered trade-mark are more extensive. . . . Nonetheless, marks remain marks, whether registered or unregistered, because their legal characteristics are the same.”

The Supreme Court’s analysis of Lego’s passing-off action began with a warning about the evils of discarding basic and necessary distinctions between different forms of intellectual property and their legal and economic functions: “The operation of the market relies extensively on brands. The goodwill associated with them is considered to be a most valuable form of property. However, despite its connection with the product, a mark must not be confused with the product—it is something else, a symbol of a connection between a source of the product and the product itself.” After reviewing the leading cases in Canada, the United States, and Europe, the Court concluded that the rejection of functional trade-marks was “a logical principle” that has been enshrined in
Section 13(2).\textsuperscript{132} Lego unsuccessfully argued that the functionality doctrine does not apply to unregistered marks. Noting the numerous ways in which Canadian law provides the same treatment for both unregistered and registered trade-marks, the Supreme Court described Lego’s position as having “no basis in law.”

\textbf{III.F.5. Cancellation}

In \textit{Auld Phillips Ltd. v. Suzanne’s Inc.},\textsuperscript{133} the Federal Court held that the applicant’s widespread use of the SUZANNE’S mark had the effect of rendering the respondent’s registration of that mark for retail clothing store services non-distinctive.

Auld opened its first SUZANNE’S clothing store in 1972, and between 2000 and 2003 it opened five more such stores. Until it received Suzanne’s cease and desist letter in 2002, Auld was unaware of Suzanne’s similarly branded stores. Suzanne’s trademark registration for SUZANNE’S was issued in 2003.

In deciding that Auld’s use of the SUZANNE’S mark was so extensive that the mark could not be distinctive of Suzanne’s, the Federal Court relied upon the evidence of actual confusion. “[E]ven though there was just one infringing party, the infringement was widespread and of significant duration. Further, although [Suzanne]’s counsel wrote a cease and desist letter on April 15, 2002, no action was taken to protect the name Suzanne’s until the Infringement Action was commenced in November of 2003.” As a result, the trade-mark was not distinctive of Suzanne’s when Suzanne’s application was filed, and when Auld commenced these cancellation proceedings.

In \textit{A&W Food Services of Canada Inc. v. McDonald’s Restaurants of Canada Ltd.},\textsuperscript{134} McDonald’s argued that A&W’s CHICKEN GRILL registration should be cancelled under Section 18(1)(b)\textsuperscript{135} for non-distinctiveness, because (1) there was little product awareness for the CHICKEN GRILL sandwich because A&W had failed to support the mark sufficiently to make an impression on consumers; (2) consumers might interpret CHICKEN GRILL as the generic name of a food item, not a brand name; and (3) the CHICKEN GRILL mark followed a common pattern in the naming of prepared foods. The Court admitted that

\begin{itemize}
  \item Section 13(2) provides: “No registration of a distinguishing guise interferes with the use of any utilitarian feature embodied in the distinguishing guise.”
  \item Section 18(1)(b) 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. . . .”
\end{itemize}
McDonald’s had succeeded in showing that the CHICKEN GRILL mark was not widely known or readily associated with A&W. However, this was not sufficient for the purposes of Section 18(1)(b). In particular, McDonald’s had failed to establish that the CHICKEN GRILL mark was “so devoid of distinctiveness that it fail[ed] to distinguish A&W’s product from the wares of other restaurants.” Accordingly, the Federal Court dismissed McDonald’s counterclaim for cancellation of the CHICKEN GRILL registration.

In Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc., Produits sought to cancel Hilfiger’s registrations for, inter alia, the design marks Produits was alleged to have infringed (the “Flag Marks”). Only two of the bases for Produits’ cancellation claim were seriously considered by the Federal Court: non-entitlement to register and loss of distinctiveness. Both bases arose out of allegedly improper assignments and licenses among the following subsidiaries of the plaintiff’s TH Corp.: (1) THI (a predecessor of the plaintiff); (2) THC (a Canadian entity), to which THI licensed the use of the TOMMY HILFIGER mark, without specifying any other Hilfiger marks (such as the Flag Marks); (3) the plaintiff, THLI, a Delaware company incorporated in 1992, to which THI assigned the Hilfiger marks in 1992; and (4) THUSA, into which THI merged in 1994. In 1995, THLI amended its license with THC to permit the use of the Hilfiger marks in Canada in association with articles of clothing and accessories (Canadian License). In 2001, THC was reorganized as follows: (1) responsibility for the operation of Canadian retail stores was transferred from THC to THC Retail (a THC subsidiary); and (2) THC Sales (another THC subsidiary) assumed the position of sales agent for THC in Canada outside of Québec.

Produits’ cancellation claim for non-entitlement was based on the fact that the 1992 assignment between THLI and THI did not specifically refer to the Flag Marks. Produits argued that THLI could not have been entitled to register those marks based on use in Canada from a date prior to THLI’s coming into existence. After reviewing the assignment agreement and taking into consideration the intention of the parties, the Court concluded that the purpose of the assignment was to transfer all of THI’s intellectual property rights to THLI. Consequently, if THLI “really transferred” all of its rights to THLI—including the capacity to register the marks—was demonstrated by the fact that subsequent to the


137. Depicted at III.A.2.b. Similarity of Marks.
execution of the assignment, THI did not exercise any of its past functions (i.e., providing services to THLI and facilitating the licensing of the Hilfiger intellectual property).

In a distinct validity challenge, Produits argued that the Flag Marks had lost their distinctiveness as a result of three specific transfers. First, Produits argued that the 2001 reorganization of THC—including the “untrammeled” transfer of parts of THC’s business to THC Retail and THC Sales—made it impossible to know the owner’s true identity. The Court acknowledged that certain transfers might result in two or more entities’ having the right to use a trade-mark, thereby creating confusion as to the source of the product and interfering with the mark’s distinctiveness. However, that was not the case here, because the 2001 transfer from THC to THC Retail and THC Sales “was not made between companies that had absolutely no link. Those companies [we]re all subsidiaries of TH Corp.” Because THC Retail and THC Sales were Tommy Hilfiger companies, the transfer did not create confusion regarding the source of the goods.

Second, the 1992 assignment was allegedly improper, because THI failed to transfer the goodwill in the marks to THLI. In dismissing this argument, the Court merely referred to Section 48(1),138 pursuant to which assignments may be valid even though the goodwill is not transferred.

Third, Produits alleged that THC’s use of marks not referred to in the 1992 license from THI was without proper consent, leading to a loss of distinctiveness and misleading the public as to source. The Court decided that the reference in the license agreement to the shorthand TOMMY HILFIGER was meant to define all of the Tommy Hilfiger marks registered at that time. In concluding that the public was not confused as to source, considering that THI, THLI, and THC were all TH Corp. subsidiaries, the Federal Court said: “It does not matter which subsidiary company has the licence or has granted the licence; it is still a Tommy Hilfiger product, controlled, sold and advertised by a Tommy Hilfiger company.”

In Remo Imports Ltd. v. Jaguar Cars Ltd.,139 the junior user’s 25-year-old JAGUAR registration for luggage was declared invalid on all four bases argued by Jaguar Cars, including because Remo’s initial adoption of the mark (1) was likely to depreciate the

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138. 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.”

goodwill in the famous car mark, and deceive the public,\textsuperscript{140} and (2) was likely to cause confusion with the car mark. Because its use of JAGUAR was always wrongful, Remo could not benefit from any distinctiveness resulting from Remo’s sales over the more than ten years prior to the action and from more recent massive advertising campaigns. This was because “Remo’s initial adoption of the JAGUAR mark was not adapted to distinguish its Luggage Wares from the wares of Jaguar Cars. From its inception, Remo’s Registration had the potential to depreciate the goodwill in Jaguar Car[s’] trademark. . . . In equity, a junior user should not be in a position to usurp a senior user’s trademark rights just because the senior user was unaware of the junior user’s infringing and depreciating activities, \textit{even if the junior user may himself not have known of the existence of the senior user}.”\textsuperscript{141}

\textbf{III.F.6. Dilution}

Canada’s dilution laws (which are founded on Section 22(1))\textsuperscript{142} are far less developed than those of the United States, largely because of a paucity of court decisions. But this past year was a banner year, with four Federal Court decisions adding to the meager judicial treatment afforded Section 22(1) to date. For proponents of a more expansive “U.S.-like” dilution action in Canada, things started off badly, with depreciation of goodwill claims failing in \textit{WIC v. ITV}, \textit{A&W v. McDonald’s}, and \textit{Hilfiger v. Produits de Qualité}. There was a very different outcome in \textit{Remo v. Jaguar Cars}, perhaps as a result of a set of facts more favorable to the senior user, relative not only to \textit{WIC}, \textit{A&W}, and \textit{Hilfiger} but also to \textit{Clicquot}, the final chapter of which is yet to be written by the Supreme Court.\textsuperscript{143}

In \textit{WIC Television Ltd. v. ITV Technologies, Inc.},\textsuperscript{144} the Federal Court of Appeal endorsed the trial judge’s finding that there were two elements to this cause of action: (1) from the public’s perspective, the parties’ marks must be connected; and (2) the defendant’s use of the plaintiff’s mark must have the probable effect of creating in the public’s mind a negative impression that impairs the goodwill attached to the registered mark. In the trial judge’s view, even if there was confusion between the marks of


\textsuperscript{141}. Emphasis in original.

\textsuperscript{142}. 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.”

\textsuperscript{143}. See III.A.1. Famous Marks.

Technologies and WIC—which there was not—the nature and quality of Technologies’ services would not have led to any diminution of the goodwill associated with WIC’s marks. The Court of Appeal agreed, noting that “[t]here is nothing in the evidence which would allow the conclusion that WIC lost any business as a result of the use of the ITV mark by Technologies, for the simple reason that WIC did not sell webcasting products. Nor was there any evidence to show a gain in Technologies’ business at the expense of WIC’s business.” Moreover, there was no evidence suggesting that WIC’s business reputation would suffer by association with Technologies.

Relying heavily on *WIC v. ITV*, the Federal Court, in *A&W Food Services of Canada Inc. v. McDonald’s Restaurants of Canada Ltd.*, found that A&W failed to satisfy both conditions of the two-part test set out in *WIC*. It followed from the Court’s analysis of the issue of confusion that there was little evidence showing that consumers made a connection between the marks of the parties. Further, A&W did not present any evidence of damage to its reputation. A&W argued that such harm was self-evident from the fact that McDonald’s sales of its CHICKEN McGRILL sandwich were more than five times A&W’s sales of its CHICKEN GRILL product; the Court rejected this logic, noting that McDonald’s *overall* sales were about five times those of A&W. The Court was no more receptive to A&W’s argument that if McDonald’s were allowed to use the CHICKEN McGRILL mark, A&W would lose control of its registered mark CHICKEN GRILL and there would be nothing stopping other companies from using other close variations on A&W’s mark. While accepting that loss of control over, or dilution of the strength of, a trade-mark can be a form of depreciation of goodwill, the Federal Court held that the circumstances of this case did not give rise to such a claim, in view of the fact that (1) McDonald’s was not using A&W’s mark, but rather its own mark, and (2) McDonald’s had not precluded A&W from using its own mark in whatever channels of trade it might wish to navigate.

As the Federal Court in *Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc.*, had “no doubt” that Produits used a mark similar to Hilfiger’s marks, which evoked a connection in the mind of the public, the question boiled down to whether such use was likely to have the effect of depreciating the value of

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the goodwill attached to Hilfiger’s marks. While acknowledging that depreciation of the value of the goodwill attached to a trademark was a somewhat intangible concept that could be hard to prove, the Court nevertheless opined that “some elements of proof must be presented to the Court to show that there is, indeed, at least a likelihood that a negative impression would be left in the mind of the consumer, and what that negative impression would be. . . .” Alternatively, there must be evidence showing “a likelihood of direct persuasion and enticing of customers who could otherwise be expected to buy or continue to buy goods bearing the trade-mark.” Because it was presented with “absolutely no evidence showing a likelihood of the depreciation of the goodwill attached to the Hilfiger trade-marks,” the Court concluded that Produits’ use of its mark had not depreciated the value of the goodwill attached to Hilfiger’s marks.

The Federal Court’s decision in Remo Imports Ltd. v. Jaguar Cars Ltd. was rendered months after the decisions in ITV, Hilfiger, and A&M. Justice Shore found that (1) the goods of the junior and senior users (luggage/backpacks vs. cars) were sufficiently connected (unlike the situation in Clicquot, ITV, and A&W) and (2) the junior user’s activities were likely to depreciate the goodwill in the senior user’s mark (which was not the case in WIC and Hilfiger). Remo’s sale of JAGUAR-branded luggage depreciated the goodwill in the JAGUAR car mark through loss of exclusivity (dilution), loss of a valuable asset, and tarnishment. By clarifying how Section 22(1) applies in famous mark cases, Justice Shore has helped put teeth into this less common head of attack. As he noted, “[b]ecause there is no need for proof of confusion [under Section 22(1)], it follows that there is a lower standard of ‘connection’ required [to establish depreciation of goodwill].”

III.G. Post-Registration Evidence of Use and Renewals

In Footlocker Group Canada Inc. v. Steinberg, the Federal Court of Appeal affirmed the Registrar’s decision to cancel Footlocker’s registration for the trade-mark WOOLWORTH pursuant to Section 45 (Canada’s summary cancellation proceedings for non-use), which decision had been overturned by the Federal Court (the first appellate court).

Before the Registrar, Footlocker filed affidavit evidence attesting to the volume of sales at a particular store bearing Woolworth signage. In finding that Footlocker’s evidence failed to
show use of the mark during the three years preceding the commencement of the proceedings, the Registrar did not comment on whether Footlocker’s evidence sufficiently connected the company with use of the mark.

The Federal Court reversed the Registrar, concluding that the mark was used during the relevant period. However, the Court found that the “gap in [Footlocker’s evidence] that we have to jump to connect such use with the registered owner is too great. It is such a fundamental issue that the omission to deal with it looks suspicious.” “It would have been so easy,” the Court said, “to place the issue beyond doubt in a context where the need to connect use with ownership is pretty elementary. I do not think this [omission] can be overlooked as a mere technicality.”

Though it did affirm the Registrar’s holding, the Federal Court of Appeal agreed with the Federal Court’s finding that it “would certainly be sound practice for registrants to be explicit in their affidavits about timing and use” of their trade-mark.

The consequences of a registrant’s use of a mark that is different from its registered mark were considered by the Federal Court in two notable cases. In *House of Kwong Sang Hong International Ltd. v. Borden Ladner Gervais*, the owner was attempting to show use of its trade-mark comprising TWO GIRLS and the Chinese characters for the generic term “living rose cream” (see below), which was registered for personal care products such as perfume, soaps, and skin cream. The owner submitted evidence showing use by its wholly owned subsidiary of TWO GIRLS without the Chinese characters.

![Image](image.png)

**TWO GIRLS**

The Registrar ruled that the registration should be cancelled pursuant to Section 45. The Federal Court allowed the appeal for two primary reasons: (1) because the owner had *de facto* control over its subsidiary’s activities, the latter’s use of the mark enured to the benefit of the owner; and (2) the differences between the mark shown above and the mark as used were insignificant, considering the descriptive nature of the Chinese characters present in the mark as registered but absent from the mark as used. However, the Court came to the opposite conclusion with respect to the following marks, the use of which was found not to
constitute use of the mark shown above: (1) “Two Girls Brand®”; and (2) the Chinese characters alone.

In Brouillette Kosie Prince v. Andrés Wines Ltd.,151 the registration for the word mark IN NINO VERITA was cancelled because the owner’s use of the mark (shown below) did not amount to use of the word mark.

In the Court’s view, it was “not possible de visu to detach the words in the above design mark from the coat of arms. The mark appears in small caps in the middle of a design which is decorative—not descriptive—and much larger than the mark.” In the end, the Federal Court concluded that differences between the mark as registered and as used were “so significant that it was unreasonable for the Registrar to infer that a consumer[,] as a matter of first impression, would perceive the mark as distinct.”

CHILE

I.B.1. Generic Names

A Chilean company applied for registration of the trademark COLA ENERGY, for soft drinks in International Class 32. The application was opposed by the Coca-Cola Company and Pepsico Inc., which argued that both terms, COLA and ENERGY, were generic and descriptive with regard to products in Class 32. Their arguments were upheld in the final decision, which states that COLA is a generic and descriptive term with regard to soft drinks, whereas the expression ENERGY (in Spanish, ENERGÍA) is clearly descriptive and indicative of the products involved. Therefore, the application for registration of COLA ENERGY was rejected.152

152. Pepsico, Inc. & Coca-Cola Co. v. Inversiones e Inmobiliaria Inmo Ltda., Head of the Department of Industrial Property, Decision No. 132316, March 11, 2005.
I.B.6. Letters and Numbers

An application for registration of a trademark consisting of the letters ATI, for products in International Class 9, was allowed to proceed to registration, notwithstanding the fact that it was opposed by the owners of trademarks consisting of the letters ATE and ITI, all of them in the same class.

The Head of the Department of Industrial Property held that the marks could coexist pacifically in connection with Class 9 products. This is a very important decision where trademarks formed by three letters are concerned, as it establishes that a difference in one of the three letters is sufficient for the marks to be considered distinctive. In other words, the trademark authority determined that in cases involving two trademarks that are formed by only three letters, the fact that one letter is different may allow coexistence of the marks.\textsuperscript{153}

I.B.8.a. Similarity of Marks

Kraft Food Holdings, Inc. filed an opposition against the application for registration of the trademark KOOL-IT, for products in International Class 32, based on foreign registrations of Kraft’s well-known trademark KOOL-AID, which was not registered in Chile.

The Head of the Department of Industrial Property issued a decision upholding the opposition, based on the provision of the Chilean Industrial Property Law forbidding the registration of trademarks that may be deemed confusingly similar.\textsuperscript{154} These include foreign trademarks, registered in their countries of origin in the same class, that are considered famous and renowned.\textsuperscript{155} The decision states that the opposer produced sufficient evidence to demonstrate not only that the mark was registered in other countries but also that it was famous and renowned abroad with regard to products in Class 32.\textsuperscript{156}

Mars, Incorporated, on the basis of its registered trademark TWIX, filed an opposition against the application for registration of the trademark TWIST, also in Class 30. In his decision upholding the opposition, the Head of the Department of Industrial Property stated that a comparison of the two conflicting marks led one inevitably to conclude that they were very similar

\textsuperscript{153} Interactive Technologies et al. v. American Telecommunication, Inc., Head of the Department of Industrial Property, Decision No. 132298, March 4, 2005.

\textsuperscript{154} Law No. 19,039 (Establishing the Rules Applicable to Industrial Titles and the Protection of Industrial Property Rights), January 24, 1991, Section 20(h).

\textsuperscript{155} Id. Section 20(g).

\textsuperscript{156} Kraft Holdings, Inc. v. Julio C.A. Vásquez, Head of the Department of Industrial Property, Decision No. 131354, December 10, 2004.
not only phonetically but also graphically, so their eventual coexistence in the same class would undoubtedly induce error among and deceit of consumers.157

**I.B.8.b. Similarity of Goods/Services**

Viña Carta Vieja S.A. is a well-known Chilean vineyard that owns the trademark TENTACIÓN, which protects products in International Class 33.158 Based on this registration an opposition was filed against the application for registration of the trademark TENTACION, covering products in Class 32.159 The applicant replied, arguing that both classes were completely different and unrelated, so the opposition should be dismissed. The trademark authority issued a judgment upholding the opposition. In his decision the Head of the Department of Industrial Property took into consideration the fact that the marks were identical, so their coexistence in related classes, such as 32 and 33, would not be possible, because such coexistence would undoubtedly cause all kinds of errors and confusion among consumers, especially with regard to the origin of the products, as those in Class 32 could be considered as produced by the same company that owns the mark covering wines in Class 33.160 This decision establishes a precedent in that it holds that International Classes 32 and 33 are closely related.

**I.B.9.a. No Similarity of Marks**

An application for registration of SUN RUGBY, for goods in International Class 9, was allowed to proceed to registration in spite of the fact that Sun Microsystems, Inc. filed an opposition based on the prior existence of its trademark SUN in the same class. The Head of the Department of Industrial Property found that the word RUGBY, added to the word SUN, gave sufficient identity to the new trademark to allow adequate coexistence between the two marks in the Chilean market.161

The German corporation Palmers Textil AG, owner of the well-known trademark PALMERS, for clothing articles in Class 25, opposed an application for registration of the trademark INDIGO

158. Class 33—Alcoholic beverages (except beers).
159. Class 32—Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.
PALMS for goods in the same class. In this case, the opposition was rejected and the application allowed to proceed to registration. The Head of the Department of Industrial Property determined that the addition of the word INDIGO, plus the difference between PALMS and PALMERS, were enough for him to conclude that both marks could pacifically coexist without posing a risk of confusion or error among consumers.162

II.D.1. Jurisdiction/Authority

In October 2004, the Chilean Supreme Court issued a final decision in a trademark case, accepting a special complaint recourse that had been filed against the Industrial Property Appeals Court by Cambiaso Hermanos S.A.C., the owner of the trademark SUPREMO, for products in International Class 9. The firm had opposed unsuccessfully the application filed by Sony Corporation for registration of the trademark SUPREMAS, also for products in Class 9.

The Head of the Department of Industrial Property had previously issued a first instance judgment rejecting the opposition and accepting SUPREMAS for registration, as he had determined that the mark and the prior-registered trademark SUPREMO could coexist in the same class without causing confusion among consumers. This decision had been confirmed by the second instance court, and Cambiaso Hermanos had filed the complaint before the Supreme Court.

In its decision, the Supreme Court stated that SUPREMAS and SUPREMO were clearly confusingly similar, not only phonetically but also graphically, so their coexistence with regard to products in the same class was not possible without their posing a risk of confusion among and deceit of consumers.163

The importance of this decision lies in the fact that for many years the High Court had, for procedural reasons, dismissed all recourses related to trademark cases, the argument being that the second instance judgment issued by the Industrial Property Court of Appeals was the final arbiter in such cases. Now, the Supreme Court has again reviewed and judged a trademark conflict, and in doing so it has departed from previous jurisprudence with regard to industrial property matters.


The Administration of Industry and Commerce of Yiyang City, Hunan Province, successfully prevented improper assignment of a well-known mark, avoiding possible loss to local creditors in the amount of 6 million yuan.164

The case went back to March 20, 2001, when Malaysian Gaoli Mosquito Incense Industrial Company Ltd. and Mr. Hande Tang, a Chinese living in Malaysia, acquired Yiyang Mosquito Incense Factory in exchange for taking over all the debts of the Chinese company. The new owner renamed the local company Hunan Yiyang Mosquito Incense Factory Ltd. On February 20, 2002, the new company was recorded as the new registrant of the Chinese registration for the CAT HEAD design mark, which has been recognized by the provincial government as a well-known mark in Hunan and is valued at 6 million yuan.

As a result of poor management, the company’s financial situation following the acquisition did not improve, but in fact only worsened. The firm had been deep in debt for four years and owed over 30 million yuan in salaries, workers’ compensation, medical expenses, and bank loans.

To satisfy the debt, the local court ordered that the company’s property be seized. However, the company decided to assign its only valuable property, the CAT HEAD design mark registration, to a company in another province. An application to record the assignment had already been submitted to the Chinese Trademark Office and was due to be approved and published soon. Once the assignment was recorded, the transaction would become final, and thereby cause enormous loss to creditors in Hunan.

On June 8 and 9, 2005, the Yiyang Administration of Industry and Commerce held an urgent meeting to deal with the emergency situation. The next day, the Administration submitted the court’s judgment and its own report on the entire case to the Chinese Trademark Office to apply for termination of the recordal of assignment of the CAT HEAD design trademark registration. Thanks to the efforts of several parties involved, the Chinese Trademark Office was able to suspend recordal of the assignment of the mark at 6 p.m. the same day, thus avoiding a possible disaster to creditors in the Yiyang area.

In China, an assignment of a trademark registration is not final until it is officially recorded at the Chinese Trademark Office. Preventing recordal of an improperly assigned mark at the

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Trademark Office can virtually prevent assignment of the mark, which is useful in certain circumstances.

A second case involves the trademark YA PAI for a wine product. The mark, which has a history of over 300 years, has been registered since 1983 under the name of Baoning Ya Winery in Langzhong City, Sichuan Province. The registrant company went through reorganization and renaming in 1998. Later, owing to a dispute over ownership and use of the mark, the renamed company, Langzhong Fragrance Winery, sued its former business partner, a local winery, and requested return of the mark.

It turned out when the two companies joined forces in 2000 to develop and promote their wine products, it was agreed that Langzhong Fragrance Winery would let the new joint venture use its registered trademark YA PAI, while the other party would invest money in the venture. Later that year, the other party took the original certificate of registration of YA PAI and the old official company chop of Baoning Ya Winery and faked an assignment transferring the registration from Baoning Ya Winery to itself. Unaware of the fraud involved, the Chinese Trademark Office reissued the certificate of registration to the other party. Langzhong Fragrance Winery sued, and the court of first instance found the assignment invalid.

The defendant claimed that as Langzhong Fragrance Winery Ltd. had never completed assignment of the mark to itself while Baoning Ya Winery was still in existence, Langzhong Fragrance Winery was not the real owner of the YA PAI mark and had no standing to sue. The registration was never assigned or cancelled. Therefore, the defendant argued, because the original owner of the registration, Baoning Ya Winery, no longer existed, the registration had no owner now.

The court of first instance disagreed. It ruled that even without an assignment, the trademark registration remained the property of Langzhong Fragrance Winery Ltd., as it was the successor of the original trademark owner, Baoning Ya Winery. The defendant appealed.

The appeal court of Nanchung City Intermediate People’s Court upheld the lower court’s decision. On a further appeal by the defendant, the Sichuan Provincial High People’s Court rendered a decision on October 29, 2004, upholding the lower courts’ decisions.

This is one of those cases in which the parties have exhausted all appeal procedures. It shows that trademark rights have become important property rights in China and that parties are willing to litigate over their ownership. It also shows that courts in China

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are now more experienced in handling intellectual property rights cases.

Compared with the YA PAI mark, there are many marks that are not used at all after they are registered. In response to this situation, the city of Suzhou has created an auction website to promote commercialization of registered trademarks in that city.166

Suzhou, in China’s Jiangsu Province, boasts more than 8,000 new trademark applications each year. To date, more than 32,000 registered trademarks have been granted to registrants in Suzhou, among which over one-third are not in use. This is largely due to the fact that many companies change their business plans and undergo reorganization. Some trademarks sought for their original business operations are no longer needed. However, in such industries as garments and daily consumer products, it is vital for businesses to have proper trademarks ready for their new products. Since it takes one to two years to register a mark, companies tend to apply for registration of new marks well before their targeted new products are commercialized, thus causing abandonment of marks after they are registered if the targeted new products become obsolete or the market flops.

On the one hand, companies spend substantial amounts of money and time to register trademarks. On the other hand, many trademark registrations are not used by their owners. There are cases when a trademark registration idled by its owner is actually something sought after by another company. Because of lack of information, assignment and acquisition of trademark registrations were quite difficult in Suzhou until now.

To commercialize more than 10,000 idled trademark registrations, the Suzhou Idled Trademark Exchange Website was created and activated in 2005. As a regular trademark exchange platform, it assists companies in acquiring and using those marks that are available.

Owners of the idled marks provide information on their marks, including forms of the marks, classes, etc., on the website. So far, nearly 100 marks have been displayed on the site. More available trademarks are expected. Negotiation can be conducted over the Internet for assignment of an idled trademark. It is hoped that, eventually, companies in Suzhou will be able to choose and acquire trademarks as easily as one can purchase bread and milk in a supermarket.

This unique scheme to commercialize registered trademarks provides opportunities that benefit both trademark owners and trademark users.

I.A.3. Licenses

Beijing Tan Family Dish Food & Restaurant Co. Ltd. was established on June 28, 2005. Its holding company, Beijing Hotel, stated that the main business of the new company was to franchise business under the trademark TAN FAMILY DISHES, so as to protect the well-known mark.167

TAN FAMILY DISHES is the trademark for a special style of dishes prepared by the descendants of a wealthy family of the Chin Dynasty. Because they were famous for their high price, high quality, and high creativity, these dishes were guaranteed business successes for many years. Many restaurants in Beijing rushed to copy the style, ingredients, and names of the dishes; they labeled their imitations Tan House Dishes, Tan Dishes, Tan Garden Dishes, etc., which were quite confusingly similar to the authentic TAN FAMILY DISHES food provided by Beijing Hotel, which had acquired the mark and the associated business.

Late in 2004, Beijing Hotel won a case against Sichuan Tan’s official dishes restaurant. However, confusion still exists in the market. Unauthorized use of garden-variety versions of TAN FAMILY DISHES food has made it difficult to control the quality of the authentic products and satisfy the high expectation of consumers. Now, Beijing Hotel will franchise the trademark in order to take control of its use and maintain the high quality and reputation of TAN FAMILY DISHES preparations.

To qualify, a franchisee has to have at least 1,000 square meters of business space and an 8 million yuan investment fund, and must make the franchised restaurant an A-level restaurant. The annual franchising fee for using the mark is 300,000 yuan, and a franchisee has to sign the franchising agreement for at least 10 years. Through franchising, Beijing Hotel expects to eliminate illegal business under the TAN FAMILY DISHES mark and protect its interests and those of consumers.

Franchising a trademark is common in China. However, using franchising in the restaurant business to control the quality of dishes under one’s trademark appears unique. The effects of the strategy have yet to be confirmed. Hopefully, the novel strategy adopted by Beijing Hotel will lead the way in China and protect those valuable trademarks for authentic and delicious dishes from being diluted and corrupted, and will encourage creative chefs to come up with more new and inviting foods.

I.B.1. Generic Names

MIE HAI LING (in Chinese characters), AESTAR & Design is a mark registered by Guangdong Zhongshan City Kai Da Chemical Refinery Ltd. for insecticides. The words MIE HAI LING mean, literally, “killing,” “insecticide,” and “effective,” respectively.168

In 2002, another Guangdong company, Lufeng City Quan Mei Trading Co. Ltd., filed an invalidation action against the registration. The plaintiff argued that the mark directly indicated the use of the goods designated. The Trademark Review and Adjudication Board (TRAB) found the mark registrable, and the Beijing No. 1 Intermediate Court upheld the TRAB’s decision. The challenger appealed.

In upholding the decisions of the TRAB and the lower court, The Beijing High People’s Court found there was no sufficient evidence to prove that MIE HAI LING had become generic. In China, as in other countries, a registered trademark may become generic if its use is not well controlled. However, as the MIE HAI LING case indicates, the burden of proof that a mark has become generic often is difficult to satisfy.

A similar case involves the mark B-2BF, registered in the name of Shanghai Wande Chemical Co. for dye products in International Class 2.169 The challenger, Tianjin City Dagang District Tianchen Chemical Co., has filed an invalidation action against the registration on the ground that the mark is a generic term in the industry.

According to Tianchen, each letter in the name of a dye has a specific meaning and refers to a feature of the named product. B-2BF fits perfectly the naming format China has adopted. The mark refers to a particular dye with shiny blue color, named 2B. As the term is a commonly used generic name for a particular dye in the industry, it lacks distinctiveness as a trademark.

If Shanghai Wande Chemical Co. is granted the exclusive right to use B-2BF as a trademark, it will put an undue burden on competitors and will have an adverse effect on fair competition in the industry. According to Tianchen, the registrant knowingly and willfully registered a generic term as a trademark, so as to prevent other competitors from using the crucial term in the advertising and sale of the dye product. It is clear that the registrant wishes to monopolize use of the term and reap profit from the monopolistic position.


Tianchen claims, further, that the Shanghai company has registered many other dye names besides B-2BF as trademarks. It asserts that this is further proof of the defendant’s illegal purpose, namely, to monopolize generic terms in an attempt to stop others from competing fairly and efficiently in the industry.

In rebuttal, Wande states that it has used the mark extensively since 1994 and is the creator and first user of B-2BF. It asserts that, through continuous use and broad advertising, B-2BF has become a mark well known to the public. Wande claims that the mark has thereby gained distinctiveness and is therefore registrable.

This is not the first time that a dispute has arisen over the registrability of an alleged generic term as a trademark. Experts in the industry are watching the case closely. The final outcome may have an impact on the choosing and registering of trademarks in the industry in the future.

### III.C. Injunctions and Damages

Aside from injunction cases, the Xinhua website reported a closely watched case where a substantial amount of damages was awarded to the trademark owner by the Beijing High People’s Court.170

The court found that Beijing Jiayu Oriental Winery Co. Ltd. (Jiayu) infringed the trademark owned by China Oil & Cereal Import & Export Group (China Oil). It ordered Jiayu to pay 15.52747 million yuan as damages to the plaintiff within 10 days from the final judgment.

In September 2004, China Oil sued Jiayu, claiming that the mark JIAYU GREAT WALL & Design used by Jiayu infringed its registered trademark GREAT WALL & Design. The plaintiff asked for damages in the amount of 100 million yuan. In 2001, China Oil had opposed an application by Jiayu to register its GREAT WALL & Design mark, and had successfully prevented registration of the mark by Jiayu. In the years following, the dispute between the two parties centered on whether Jiayu’s use of its mark GREAT WALL & Design infringed China Oil’s Chinese trademark registration for GREAT WALL & Design, which had been granted in 1974.

In ruling for the plaintiff, the court stated that intellectual property rights owned by state-owned companies are equally valuable and protectable when compared to rights owned by private companies. Nowadays, intellectual property rights such as trademark registrations are important components of state-owned properties, and they deserve special attention by the judiciary.

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This is one of the major court cases that local companies, especially state-owned companies, closely follow. The Beijing High People’s Court’s decision is expected to further boost people’s confidence in the judicial system’s function of ensuring the effective protection of intellectual property rights.

**III.D.2. Criminal Actions**

In February 2005, the public prosecutor in Xihu District, Hangzhou City, sued two former local distributors for Procter & Gamble, Ms. Ying and Ms. Gu, and a supplier of counterfeit shampoo and conditioner, Mr. Feng.\(^{171}\) At the time, Feng was a salesperson for two companies in Guangdong that manufactured counterfeit shampoo and conditioner products. It was charged that although Ying and Gu knew or should have known that the goods Feng provided were counterfeits, they still purchased the same and resold those to local retailers.

Between January and February 2004, Mr. Feng sold counterfeit Procter & Gamble shampoo products bearing marks such as REJOICE, HEAD & SHOULDERS, PANTENE, etc., to Ms. Ying and Ms. Gu. The total value of the goods was estimated to be about 1.5 million yuan. Ying and Gu took 150,000 yuan as profit.

After the court investigation, the parties agreed that facts were clear. The court found all three defendants guilty of selling counterfeit goods that violated Procter & Gamble’s registered trademarks. Each of the defendants was sentenced to three years in prison, service of which was postponed for five years, and fined 50,000 yuan. The money seized at the defendants’ premises was confiscated.

This is one of the few criminal cases brought by public prosecutors in China against trademark infringers. Although service of the jail sentences by the defendants was postponed, the punishment was quite severe, and it is expected to have a deterrent effect on other offenders.

**III.K. Counterfeiting Issues**

In October 2004, the Shanghai Administration of Industry and Commerce issued a notice enjoining the unauthorized sale, at the city’s open-air clothing and accessory markets, of goods bearing 40 well-known trademarks. The marks, which include LOUIS VUITTON, HOLMES, CHANEL, PRADA, MARBOLO, etc., are owned by 10 multinational companies from France, the Netherlands, Switzerland, Great Britain, and Italy. The enjoined

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goods range from clothing, footwear, headgear, bags and suitcases, and leather goods to cosmetics.\footnote{Shanghai Takes Action against Counterfeits of Famous Brands Involving 40 Marks Owned by 10 Multi-national Companies,}{Morning News, October 26, 2004.}

Genuine goods bearing any of the above 40 marks are offered for sale in China through authorized local distributors, and sales channels are strictly limited to big shopping centers and specialty stores only. None of those genuine products are ever offered for sale in open-air markets.

The Shanghai Administration of Industry and Commerce is monitoring and surveying 16 local markets to enforce the regulation. The Administration has acknowledged the cooperation of the trademark owners in providing the expertise to verify genuine goods from counterfeits.

To support the new regulation, landlords of the 16 local open-air markets, including those at the famous Xiangyang Road Garment & Accessory Market, have agreed to enforce the “warning notice for first violation and termination of lease for second violation” and to press tenants to abide by the law and refrain from trademark infringement activities.

Since then, the Beijing Administration of Industry and Commerce has adopted a similar policy to supervise the local wholesale clothing and accessory markets and enjoin sale of goods bearing marks such as LV, LOUIS VUITTON, BURBERRY, FENDI, GIVENCHY, CELINE, MIU MIU, COCO, and design marks owned by the owners of these marks at those places.\footnote{Notice of Beijing Administration of Industry & Commerce, July 20, 2004.} Violators will be criminally prosecuted, and the government has requested that landlords drive repeated trademark infringers out of the markets. Those landlords who allow tenants to sell counterfeits will be punished by the local Administration of Industry and Commerce. Such measures appear to be quite effective.

Normally, shops in luxury hotels offer genuine goods for tourists and hotel guests. When the Beijing Administration of Industry and Commerce found 163 counterfeit PIERRE CARDIN men’s shirts and 80 women’s scarves being sold at a four-star hotel in that city, the news came as something of a surprise.\footnote{Counterfeit Branded Goods Found in 4-Star Hotels in Beijing,}{China Industry and Commerce News, May 31, 2005, p. A2.}

The counterfeit PIERRE CARDIN products all bear French Pierre Cardin Group (HK) Development Co. Ltd. on shirt boxes. As the French company does not have any branches or subsidiaries in Hong Kong, the products are clearly counterfeits. By posing as the local distributor of the French company, the store not only cheated consumers but also infringed upon Pierre Cardin’s trademark

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rights. The counterfeits were offered for sale for 280 yuan per shirt, whereas genuine PIERRE CARDIN shirts sold for 390 to 1,090 yuan per piece.

All the counterfeits were seized. It was expected that the infringers would be severely punished.

Likewise, sale of TRUE WU LIANG liquor in Taihe County, Anhui Province, was enjoined by the county’s Administration of Industry and Commerce at the request of Wu Liang Ye Co. Ltd. of Sichuan.¹⁷⁵

The Sichuan company claimed that use of the mark TRUE WU LIANG on liquor infringed its trademark WU LIANG YE, which means “Wu Liang liquor,” and would confuse the public as to the origin of the product. The Taihe County Administration of Industry and Commerce agreed, and found that the local company that sold TRUE WU LIANG liquor had infringed the trademark rights of Sichuan Yibin Wu Liang Ye Co. Ltd.

In this case, the infringer was able to ride on the goodwill of the WU LIANG YE mark by copying only part of the mark. Since partial copying was sufficient to cause confusion to the public, and the owner of the genuine WU LIANG YE mark was concerned, the local Administration of Industry and Commerce ordered the infringer to stop the sale of the product bearing the confusing mark. No complete copy of a trademark was required for such an action.

V.A. Domain Names

“Wo Jiu Xi Huan” in Chinese characters is the Chinese version of the slogan “I’m loving it,” with which McDonald’s Corporation promotes its fast-food products and restaurant services in China. The company has spent a substantial amount of money to advertise the slogan on television, on websites, and in newspapers and magazines.¹⁷⁶

To protect the slogan, McDonald’s, among other things, registered the slogan in Chinese characters as a domain name with the Chinese Internet Information Center. However, the company did not register the slogan in Chinese transliteration as a domain name. As a result, a local company in Beijing registered it as a domain name and advertised it for sale for 50,000 yuan.

Mr. Lu, director of the local company, said he realized investment in domain name registration had become a lucrative business in China. Because “Wo Jiu Xi Huan” in Chinese


characters had been registered as a domain name by McDonald’s, but the Chinese transliteration version of the slogan was still available, it appeared to be an excellent investment opportunity to register that version as a domain name. After checking with some experts, Lu believed that the slogan, if registered as a domain name, would be worth at least 50,000 yuan, as a result of McDonald’s publicity efforts and its advertising of the slogan in Chinese characters. Therefore, he went ahead to register the domain name that actually belonged to the fast-food giant.

Recently, many famous companies have seen their companies’ Chinese domain names registered by others. Well-known Chinese marks such as WHITE CAT, RED DOUBLE HAPPINESS, etc., all face the same fate. Domain names consisting of or containing these marks have been registered by people other than the real owners. The Chinese equivalent version of the PEKING JEEP mark was first registered as a domain name by its lawful owner, but was later lost to eager investors when renewal of the registration was not filed in a timely fashion. Mr. Lu boasted that in one month he had registered more than 10 domain names ending with .cn. Currently he owns dozens of Chinese domain names, which he expects to sell for a profit.

Mr. Lu is actually considered a beginner in the domain name registration field, compared with veterans that have registered and own thousands of Chinese domain names. These investors not only register a large number of creative domain names but also eye different versions of domain names of famous companies. The situation may worsen in the future unless and until the Chinese government passes laws to stop the preemptive registration of domain names owned by others. Companies should be very careful if they wish to protect their domain names in China and plan strategically before launching any new mark or domain name.

COLOMBIA

I.B.2. Merely Descriptive Terms

Golden Brown International Limited applied for the nullification of the Trademark Office’s resolution refusing the registration of the trademark GB CLASSIC, covering products in International Class 34, that is, articles for smokers. The Colombian Trademark Office had rejected the application on the ground that the applied-for mark was similar to the trademark CLASSIC, previously registered by British-American Tobacco and identifying the same products, and consequently the coexistence of the marks could generate confusion among consumers.

Golden Brown International contended that the Trademark Office did not implement a strict examination of its mark, but instead limited itself to a comparison of the word CLASSIC in both marks, and omitted the most outstanding portion of the mark applied for, namely, the letters GB and accompanying graphics.

The compulsory pre-judicial interpretation of this case by the Andean Court of Justice was that when the comparison is of mixed trademarks (i.e., marks made up of words and graphics), the nominative element prevails, as that element generally is used by individuals to request the product or service at the commercial establishment.178

Accordingly, the Council of State of Colombia compared only the word elements CLASSIC and GB CLASSIC. It ruled that because CLASSIC was a descriptive word for a characteristic (something classic) and thus was non-appropriable, the expression GB CLASSIC was indeed sufficiently distinctive.179

The Council of State therefore declared the nullity of the resolution that refused the registration of the trademark GB CLASSIC, on the ground that CLASSIC, by virtue of its descriptiveness, constituted a weak trademark and, thus, was vulnerable to use by third parties.

I.B.3. Not Merely Descriptive Terms

Expressions that just describe the kind, quality, quantity, purpose, value, or origin of, or give other information or characteristics of, products or services may not be registered as trademarks in Colombia. For example, the expression “2 en 1” (“2 in 1”) may not be registered as a trademark covering toilet paper, for it describes the quantity of the product.

Such expressions may, however, be used as an element of a trademark if they are additional or complementary to a sufficiently distinctive sign or expression. That would be the case, for example, with FAMILIA 2 EN 1, a trademark composed of a distinctive term, “familia” (which in this case is the umbrella mark of the company), and a common phrase, “2 en 1.”

This was the ruling of the Council of State in rejecting the nullity action that the corporations Papeles Nacionales S.A. and Colombiana Kimberly Colpapel S.A. filed against the Trademark Office’s resolution authorizing the registration of FAMILIA 2 EN 1 to cover products in International Class 16, including toilet paper.180 The Council of State clarified, though, that those who

register a trademark containing free-use signs or expressions such as “2 en 1” end up with a weak trademark, and may not be able to prevent third parties from using the free-use signs or expressions in conjunction with other words to form their own trademarks, even if such marks are used on or in connection with similar products or services.

The Council of State applied the guidelines given by the Andean Court of Justice in its pre-judicial opinion on this case. The Court explained that Andean Community legislation prohibits the registration of trademarks composed exclusively of descriptive expressions that directly inform consumers about essential characteristics of the products or services concerned, but does not prohibit the registration of trademarks in which one expression is descriptive and the other is not.

One way to determine whether an expression is descriptive is to ask, What is the associated product like? If the expression provides the answer, it is descriptive and may not be registered as a trademark in the Andean Community. In this case, because FAMILIA 2 EN 1 did not strictly answer the question, What is this toilet paper like?, the Council of State ruled that the expression was distinctive and therefore registrable as a trademark.

1.B.8.a. Similarity of Marks

The corporation Rhone-Poulenc Agro filed a nullity action against the Trademark Office’s decision refusing the registration of the trademark RAFT, to cover herbicides. The Trademark Office had deemed the applied-for mark similar to the trademark TAFT, previously registered by Hans Schwarzkopf GmbH & Co. for pharmaceutical, hygiene, and veterinary preparations.

Rhone-Poulenc Agro asserted that the marks were not confusable, as herbicides are products totally different from those preparations.

In its pre-judicial interpretation of the case, the Court of Justice of the Andean Community explained that to establish the degree of confusability of two contending word marks it was necessary to determine their orthographic and phonetic similarities. Marks are orthographically similar when the sequence of the vowels, the number of syllables, or the roots or endings of the words are the same; they are phonetically similar.

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when the tonic syllable is the same or their roots or endings coincide.\textsuperscript{184}

Applying these principles, the Council of State found that there was an orthographic similarity between the marks in conflict, as they coincided in the letters AFT and they had the same length, number of syllables, and ending. Additionally, there was a phonetic similarity between RAFT and TAFT, as in both marks the emphasis was on the vowel A, one of the three letters that coincided.

Based on an examination of the products covered, the Council of State also found that there was a competitive connection between the trademarks, given that the commercialization channels and advertising means used for all the products were the same. The fact that RAFT would have been registered only for herbicides and TAFT for pharmaceuticals was, therefore, not sufficient to lessen the risk of confusion.

The Council noted, moreover, that herbicides and pharmaceuticals belong to the same class (Class 5) of the International Classification under the Nice Agreement, and that with respect to this particular class the Andean Court of Justice had reiterated in its case law that examiners must be especially stringent in order to prevent irreparable damage to human health. In this case, the Council cautioned, herbicides, defined as chemical products for killing weeds, could cause irreparable damage to consumers of pharmaceuticals, which have a preventive or curative purpose.

In conclusion, the Council of State rejected Rhone-Poulenc Agro's claim and affirmed the Trademark Office's refusal of registration of RAFT for herbicides.\textsuperscript{185}

Corn Products International Inc. filed a nullity action against the decision in which the Trademark Office refused the registration of the company's trademark UNIVERSAL & Design on the grounds that (1) it was confusingly similar to the trademark UNIVERSAL & Design, previously registered by Navarro Vives e Hijos, and (2) both marks were intended to cover products in the same class (Class 30).\textsuperscript{186}

Corn Products International argued that consumers would not be confused because there was an agreement between the owners of the trademarks to limit their use. The registered trademark would be used only for coffee and coffee derivatives, while the mark applied for would cover only cornstarch and other products.


\textsuperscript{186} Resolution No. 14001, June 30, 2000.
The Council of State did not agree. It declared that the coexistence agreement signed by the parties did not exempt the administrative or judicial authorities from their obligation to conduct the registrability study and protect consumers.

In ruling against of Corn Products International’s nullity action, the Council cited the following findings:

1. The trademarks are identical in phonetic, conceptual, and visual terms, and thus can induce consumers into error, especially as they cover products in the same class.

2. It will be easy to confuse consumers, as the products in question are related because they are all foodstuffs and are sold in the same places.

In addition, the Council of State applied the pre-judicial interpretation of the Andean Court of Justice, specifically the Court’s determination that the use of the word CAFÉ (COFFEE) as part of the registered trademark did not reduce the likelihood of confusion of the marks because it was a generic term that could not be monopolized and did not add distinctive capacity.187

Hence, the Council of State ruled that the Trademark Office had acted validly, because Corn Products International’s trademark UNIVERSAL & Design was not eligible for registration.188

### III.A.1. Famous Marks

During the past few years, owners were successful in several cases involving well-known and famous trademarks, including NAUTICA, LOUIS VUITTON, LAURA ASHLEY, and HARRODS. In each case, a person other than the original trademark owner tried to register the trademark in his or her own name in Colombia to profit from the goodwill symbolized by the mark, and in each case the applicant failed. The authorities understand that although the country cannot be averse to globalization, it cannot permit persons who have not had a hand in the creation and development of a trademark’s reputation to “hatch in an alien nest.”

In the case of LOUIS VUITTON, the Supreme Court of Justice applied the Colombian-French Convention on Industrial Property of 1901 and ruled that a French citizen or French company that lawfully acquires a trademark in France enjoys, “just for that mere

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fact,” protection of his, her, or its rights in Colombia, and vice versa.189

Noting that the company founded by Louis Vuitton had worked to position its trademark around the world since 1854, the Supreme Court of Justice held that a Colombian individual could not take advantage of the fact that Colombia has an attributive regime for marks, in which trademark rights are acquired only through registration, and thereby benefit from the LOUIS VUITTON mark’s reputation.

In another case, the Council of State declared the nullity of the trademark registration for LAURA ASHLEY & Graphic because it had been granted in violation of Decision 85 of the Andean Community, which prohibits the registration as trademarks of the names of individuals or deceased persons except upon the consent of the person’s heirs, and the registration of trademarks that are confusingly similar to other well-known or famous marks.190

This case goes back to 1988, when a non-authorized individual filed an application for registration of LAURA ASHLEY & Graphic for products in International Class 24. Registration was granted in 1990.

Laura Ashley Manufacturing B.V. showed that the trademark at issue was identical phonetically, graphically, and conceptually to its trademark LAURA ASHLEY & Graphic, whose word element corresponds to the name of a worldwide-known English designer and which has been used for over 50 years as a trademark for clothing, furniture, and bed linen, with the products sold in more than 500 stores around the world.191

In the case of HARRODS, the British firm Harrods Limited obtained the nullity of the resolution whereby the Trademark Office awarded the registration of the trademark HARRODS to the Argentinian corporation Harrods Limited for products in Class 9. Harrods Limited (UK) provided evidence that HARRODS had been a well-known and famous trademark since 1849, when a delicatessen store under that name opened in London. Harrods began to carry out sales by catalog, and this business has expanded to the point that today the firm sells a wide range of products in more than 40 countries around the world, among them


190. Andean Community, Decision 85, Article 58(g), (h).

Colombia. Thus, despite Colombia’s trademark structure, well-known and famous marks are still protectible despite an owner’s failure to be the first to file within the country.

III.A.6. International Conventions

By virtue of the Colombian-French Convention on Industrial Property of 1901, trademarks registered in France enjoy protection in Colombia.

Such was the holding of the Council of State when it decided the nullity action filed by the French corporation Salomon S.A. against the Trademark Office resolution that granted trademark registration for SALOMON to a Colombian citizen who had applied on his own behalf for the registration in Colombia of various well-known and famous trademarks such as SALOMON, GUESS, and BENETTON.

The Council of State found that the Convention, which is enforceable both in Colombia and in France, does not require that a French trademark be registered in Colombia (or vice versa) to be protected. If there is no registration, however, protection is not awarded ex officio, but has to be claimed or requested by the trademark owner through the internal mechanisms of the country where it purports to be asserted, that is, either through the opposition or filing of observations to applications for registration, addressed to the competent national office, for cancellation of registrations subsequent to the trademark registration, or through a judicial action, as the case may be.

During the proceeding an attempt was made to clarify the scope of the Convention, which was subscribed by Colombia and France on September 4, 1901, and subsequently approved by Decree 597 of 1904. Specifically, the point under discussion was the interpretation that ought to be accorded Articles 1–3 of the Convention. These provide as follows:

Article 1: Citizens of each of the high contracting parties shall enjoy, in the territory of the other party, rights similar to those of their nationals, with respect to the privilege of inventions, trademarks, labels, signs, trade names, trademarks, corporate names, drawings, and utility models, insofar as the indications and names of origin are concerned.

Article 2: In order to ensure the protection guaranteed in the preceding article, applicants of one or the other state are not required to establish their residence or business


representation in the country whose protection is claimed; however, they should observe the remaining conditions and formalities provided for under the laws and regulations of such country.

Article 3: This Convention is applicable for protecting in Colombia the trademarks that have been acquired lawfully in France by industrialists and merchants that use them, and vice versa.

It is understood, however, that each one of the two states reserves the right to deny the deposit of and prohibit the use of any trademark which may in itself be contrary to public interest, morals, or good habits.

Salomon argued that because its mark was well known and famous around the world, the Colombian-French Convention afforded the company protection for its trademark in Colombia even though the mark was not registered there. The Colombian citizen countered that his registration in Colombia was his source of trademark rights, and the Convention had no effect whatsoever.

The Council of State adopted the theory of the French owner and granted the protection applied for to its trademark SALOMON, registered in France and covering products in International Class 25.194

Following the mandatory pre-judicial interpretation issued by the Court of Justice of the Andean Community, the Council of State elucidated the problem of the enforceability of the law over time, as during the course of the registration process, the opposition, and the suit concerning the trademark SALOMON, three decisions (supranational legislation) from the Andean Community on industrial property were applicable: Decision 85, Decision 344, and Decision 486. Although none of them overlapped another during its existence and the last is the current decision in force, the Court determined that Decision 85 was to be applied, as it was the legislation enforceable at the time the application for trademark registration was filed.

Previously, the Trademark Office had declared ungrounded the opposition based on Decision 344; subsequently, when declaring that the trademark SALOMON was not well known or famous, it applied Decision 486.

The Court explained that the legality of the acts relating to trademark registrations must be examined in light of the Community provisions in force at the time the application for trademark registration was filed. As the application was filed in

1984, the prevailing provision then was Decision 85, and no other provision should have been applied during the proceeding.\textsuperscript{195}

The determination of the provision applicable to the case under controversy was conclusive for the sentence. The Council of State determined that the Trademark Office had erred in requiring that Salomon evidence the character of its trademark as being well known and famous, pursuant to the standards set forth by Decision 486, which requires, for purposes of declaring a trademark to be well known and famous, that the trademark must demonstrate such character in any of the member countries of the Andean Community. Instead, the Council of State ruled, the Trademark Office should have applied the rulings of Decision 85, which allow a trademark to be declared well known and famous simply on the basis of evidence of such character in any country of the world. In this case, Salomon had evidenced that its mark was well known and famous in France and in the United States.

Thus, because SALOMON was a well-known and famous trademark under Decision 85 of the Andean Community and there was “unquestionable” similarity between the French trademark and the SALOMON mark registered by the Colombian party, the Council of State declared the nullity of the latter registration.

\textbf{III.A.11.a. No Similarity of Marks}

J.P. Morgan Chase & Co. filed a nullity action against the decision of the Colombian Trademark Office that allowed the registration of the trademark BSCH INFOCASH, covering services in International Class 36, in the name of Santander Investment Bank Ltda.\textsuperscript{196} J.P. Morgan Chase contended that the Trademark Office had not taken into account the prior registration of the trademark INFOCASH MICROSTATION in its name.

The Council of State requested a pre-judicial interpretation of the case from the Court of Justice of the Andean Community. The Andean Court explained that even though it is assumed that words in a foreign language are not commonly known, there are cases where such expressions are easily recognized by the consumer public as generic or descriptive words, which may not be registered as trademarks.\textsuperscript{197}

Applying this interpretation, the Council compared Santander Investment Bank’s trademark BSCH INFOCASH and J.P. Morgan Chase’s trademark INFOCASH MICROSTATION. It studied the likelihood of confusion between the marks based on the English


\textsuperscript{196} Resolution No. 43023, December 20, 2001.

expression INFOCASH, which is a combination of the words INFORMATION (INFO) and CASH.

The Council determined that the marks could coexist in the market, because, notwithstanding that both contain the generic expression INFOCASH, identifying bank and financial services, each of them has additional original and distinctive elements: Santander Investment Bank’s mark includes the acronym BSCH, which stands for Banco Santander Central Hispano, and J.P. Morgan Chase’s mark includes the expression MICROSTATION, which can be deemed a fantasy word.

Consequently, the Council of State rejected the nullity claim and declared valid the registration of the trademark BSCH INFOCASH. It added that the situation would have been different if the trademarks had consisted only and exclusively of the expression INFOCASH, as Andean Community Decision 486 provides that a trademark cannot be registered when it consists of the generic or technical name of the covered products or services, which in this case are financial and bank services.

The corporation Conavi Banco Comercial y de Ahorros S.A. filed a nullity action against the decision of the Trademark Office that allowed the registration of a design mark consisting of the representation of an ant, to cover financial services, in the name of the financial cooperative Cooperativa Financiera Sibaté (Coopsibaté).

Conavi argued that Coopsibaté’s trademark could induce the public into error because it was very similar to Conavi’s own design mark, which is the representation of a bee. Both the ant and the bee have oval heads, lively eyes, and a smiley face; in addition, both designs clearly emphasize the antennae of these insects, which are easily perceived.

To establish the likelihood of confusion between the trademarks, the Council of State applied the criteria indicated by the Andean Court of Justice in its pre-judicial interpretation:

1. The confusion must result from the general impression evoked by the marks.
2. The marks must be examined successively, not simultaneously.
3. The examiner must be in the position of a hypothetical purchaser and take into account the nature of the products or services identified by the marks in contention.

199. Andean Community, Decision 486, Article 135(f).
4. The similarities, more than the differences, between the marks must be taken into account.201

The Council of State concluded that there were no similarities between the marks examined because it was clear from the comparison that the shape of Conavi’s trademark (the bee) was formed only by the head of the insect, while Coopsibaté’s ant had a human body and a cap through which the antennae came out. Further, the idea evoked by each mark was different, given that those who designed the ant meant to evoke a tireless, male-looking worker, while the bee was a female figure.

Accordingly, the Council of State rejected Conavi’s claim and declared Coopsibaté’s trademark valid.202

Parke, Davis & Co. Limited filed a nullity action before the Council of State against the decision of the Trademark Office conceding the trademark HALITOS to the corporation Atila de Colombia S.A. in Class 29.203 Parke Davis argued that the Office ignored the graphic, phonetic, and conceptual similarities between the defendant’s trademark HALITOS and its own trademark HALLS, registered in Class 30.

In its decision, the Council of State, following the pre-judicial interpretation by the Andean Court of Justice,204 stated that the analysis of the judge needs to focus on the similarities of the marks rather than on the differences between them.205 The latter analysis has the main objective of avoiding the likelihood of confusion of a consumer when he or she is choosing between the marks in the market.

Following this method of analysis, the Council of State concluded that there were no phonetic, auditory, orthographic, visual, or ideological similarities between the trademarks. The Council even disregarded Parke Davis’s argument that the expression HALITOS was the diminutive form of the word HALLS, as, in Spanish, the latter would be JOLSITOS.

As a consequence, the Council ruled that the marks HALLS and HALITOS had substantial distinctiveness, and therefore consumer confusion was not at stake if they coexisted in the market. In harmony with this rationale, the Council of State did

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not even analyze whether HALLS should be considered a famous mark, as that would not affect the fact that both trademarks were sufficiently different.

Ebel S.A., a corporation domiciled in Switzerland, filed before the Trademark Office nullity actions against the decisions of the Superintendency of Industry and Commerce that granted to Ebel International Limited registration of the trademarks EBEL INTERNATIONAL, for education and training institutes in Class 41;\(^{206}\) EBEL INTERNATIONAL, for hygiene products in Class 5;\(^{207}\) EBEL INTERNATIONAL, for beauty parlors in Class 42;\(^{208}\) and EAU DE SOLEIL DE EBEL, for products in Class 3.\(^{209}\) The Swiss company argued that in a ruling of 1995,\(^{210}\) the Council of State had declared well known the character of its trademark EBEL, for top-quality watches in Class 14, and that because of this acknowledgment any subsequent registration of a similar trademark was, regardless of the class, null.

In each case the Council of State rejected the claim of Ebel S.A. It held that, in spite of the prior declaration of the character of the Swiss trademark as well known, the risk of confusion among consumers was minimal, given the products’ respective natures, commercialization channels, and consumers.

In the specific case of the trademark EBEL INTERNATIONAL, covering education and training institutes, the Council of State applied the pre-judicial interpretation of the Andean Court of Justice,\(^{211}\) according to which the determination of the character of a mark as well known relates not to the mark’s application to popular, mass-consumption products, but rather to the outstanding position in the market of the products that the mark covers, and therefore to the knowledge of said products by consumers.

Given that it was proven that the trademark EBEL was well known to a small and exclusive group of watch consumers, which in turn implied a minimal risk of confusion to the consumers of the products of Class 41, that is, to middle-income people interested in taking training courses on beauty-related topics, the Council of

\(^{206}\) Resolution No. 8300, April 30, 1999.
\(^{207}\) Resolution No. 16377, July 24, 2000.
\(^{208}\) Resolution No. 8296, April 30, 1999.
\(^{209}\) Resolution No. 8224, April 30, 1999.
State declared valid the registration of EBEL INTERNATIONAL for education and training institutes.212

With respect to the registration of the trademark EBEL INTERNATIONAL, covering hygiene products in Class 5, the Council of State applied the criteria for assessing the likelihood of confusion between two trademarks that the Andean Court of Justice had established in its pre-judicial interpretation of the case.213 The Council explained that the risk of confusion increases if (1) the products covered by the marks belong to the same class; (2) the products are commercialized through the same channels; (3) the advertising means used are the same; and (4) the products are related, are complementary, or are of the same kind.

The Council of State declared valid the registration of the trademark EBEL INTERNATIONAL for Class 5 products, deeming that none of the above circumstances was possible because a specialized consumer would not buy a top-quality EBEL watch thinking that its origin could be the same as that of the EBEL cosmetics, whose consumers were middle-income women and which were commercialized through direct sales carried out by company sales staff in visits to homes and offices of potential customers.214

In the same ruling, the Council explained that Ebel International Limited’s use of the trademark in question, EBEL INTERNATIONAL, did not capitalize on the goodwill of Ebel S.A.’s trademark EBEL INTERNATIONAL because of (1) the reputation that defendant’s mark already had acquired, owing to the time it had been in the market; (2) the investments made by Ebel International Limited in the production plant and advertising; and (3) the extended marketing activities that the defendant had carried out in Mexico, Venezuela, Chile, Peru, and Puerto Rico.

In this case, the Council of State refused Ebel S.A.’s thesis that the discouraging results in the sale of EBEL watches in Colombia were due to the existence of the EBEL cosmetics in the market. In the Council’s opinion, the bad results must have been attributable to the high cost of the watches (U.S. $2,000 in 1995), for only a minority in Colombia can afford luxury products such as these.

Regarding the registration of EBEL INTERNATIONAL for beauty parlors, the parties used the same arguments and the Council of State again ruled in favor of Ebel International Limited. In this case, the Council deemed that, if the trademarks had


coexisted peacefully for several years, they could hardly cause confusion.

The Council applied the pre-judicial interpretation of the Andean Court of Justice, according to which the likelihood of confusion is lower when the products are offered in different market sectors.215 Here, the defendant’s trademark EBEL INTERNATIONAL was registered for beauty parlors (Class 42), while the plaintiff’s trademark EBEL INTERNATIONAL was registered for top-quality watches (Class 14), so the registration had to be deemed valid.216

The last case that confronted the parties was the registration of EAU DE SOLEIL DE EBEL in the name of Ebel International Limited to cover products in Class 3, the annulment of which trademark Ebel S.A. also sought, based on its well-known trademark EBEL INTERNATIONAL. Again, the Council of State applied the pre-judicial interpretation of the Andean Court of Justice, namely that, for purposes of establishing confusability, it was necessary to compare the consumers and commercialization channels of each mark and whether there was an intention to use the prestige of the entrepreneur that first registered the trademark. The Council found that the owner of EAU DE SOLEIL DE EBEL was not using the commercial advantages or the prestige of the well-known Swiss trademark, and it rejected the nullity action filed by Ebel S.A.217

III.A.26. Bad Faith

Fábrica de Licores del Tolima Ltda. (FLT), a Colombian spirits distillery, filed before the Council of State a nullity action against a resolution issued by the Trademark Office by which that entity had allowed the registration of the trademark TAPA ROJA, covering products in International Class 33 (alcoholic beverages), in the name of Mr. Carlos Castro.218

FLT had used the TAPA ROJA mark since 1965, and its registration had been granted in May 1983. However, FLT had lost its rights in this trademark in 1993 because the company had failed to renew it in due time. Mr. Castro applied for the registration of the mark, which he obtained in April 1998.


The arguments that FTL used to ground the nullity action were that (1) it had a preferential right in the trademark TAPA ROJA that derived from FTL’s prior registration and (2) it had a permanent health registration for the production of aguardiente (an aniseed-derived spirit) covered by this trademark. The Council of State, however, rejected both this theory and the statement that TAPA ROJA was a well-known trademark that did not need a registration in order to be deemed as such, as the Andean Court of Justice, in its pre-judicial interpretation for this case, had clarified that, among other requirements, a trademark had to be registered to be declared well known, and that was not the case with this trademark.

Notwithstanding the above, the Council of State declared null the registration granted to Mr. Castro, for it established that he had acted in bad faith in registering the trademark in order to obtain an unfair or irregular benefit under a legal front.

The Council based its decision on the fact that Mr. Castro knew well that there was a relationship between FLT and the trademark TAPA ROJA, for he had personally rendered services to the distillery and had participated in the placement and consolidation of the mark in the national market.

Therefore, the Council of State determined that the only thing Mr. Castro could be expecting from the registration was to benefit from the activity of FLT, given that the only profit he could obtain was an eventual payment by the distillery for using the trademark, because the Colombian Constitution provides that only the state may participate in the production of wines, liquors, and spirits.

III.F.2. Lapsing of Registration

The company Eternit Colombiana S.A. requested that the Council of State nullify the Trademark Office’s resolutions whereby the trademarks ODULIT (in International Class 17), FIBROLIT (in Classes 6, 19, and 20), and CANALETA 90 (in Class 17) were declared lapsed.

Eternit had originally applied for registration of these trademarks in 1987 and for their renewal in 1992. The renewals were granted by the Trademark Office on the condition that the corresponding official fees were paid before the administrative

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decision declaring the trademarks lapsed became final and unappealable.

In 2002, Eternit applied for a further renewal of the trademarks. Based on the aforementioned requirement, however, the Trademark Office rejected the application and declared the marks lapsed. The plaintiff then filed remedies of reconsideration and appeal and, subsequently, a nullity action before the Council of State, contending that the Trademark Office could not declare such lapsing ten years after the facts that gave rise thereto had occurred. This argument was founded mainly on the fact that under Article 38 of the Colombian Contentious Administrative Code the power of administrative authorities to impose sanctions lapses three years after the occurrence of the act that gives rise to the imposition.

The Council of State, following the respective preliminary rulings of the Andean Court of Justice, indicated that according to Andean Community norms a trade mark registration may lapse as a result of failure to pay the corresponding official fees but not as a result of the declaration per se made in this regard by the corresponding authorities. In other words, the lapsing process in this context operates in its own right, and the Trademark Office is merely undertaking an explanatory action, not imposing a sanction. In addition, the Council indicated that the contested administrative decisions were based on special norms governing trademark issues, which do not set a time limit for declaring a mark lapsed and cannot be replaced by general norms such as those contained in the Contentious Administrative Code.

V.A. Domain Names

Colombia and its National Federation of Coffee Growers were successful in an administrative proceeding against a company that had registered colombiancoffeeshop.com, colombiancoffeeshop.info, colombiancoffeeshop.org, and colombiancoffeeshop.ws as domain names on the Internet.

In the present case, the Federation filed a complaint before the Arbitration and Mediation Center of the World Intellectual Property Organization (WIPO) against Mastercafe SL of Spain and its representative in Bogotá, Colombian Coffee Shop S.A., for using the domain name colombiancoffeeshop.co. Colombia alleged that the word “Colombian” had been registered in the name of the

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National Federation of Coffee Growers as a certification trademark in the United States in 1979, to cover the quality of coffee grown in Colombia. In 2001 and 2003, the Federation had won similar complaints against the U.S.-registered portals www.colombiancoffeewholesale.com and www.juanvaldez.org, respectively.

The Arbitration and Mediation Center determined that:

1. The Federation had a legitimate interest, given that COLOMBIAN was registered as a certification trademark and any confusion was detrimental to the goodwill and reputation that the mark represented.

2. The defendants acted in bad faith because, if they were engaged in professional activities relating to Colombian coffee, they must have known about the extended protection and well-known character of this certification trademark. Additionally, they had been informed about this protection through several communications and claims.

3. There was evidence, in the defendants’ domain name and associated expressions, of confusability with the trademarks owned by the Federation: namely, use of “Colombian” in an identical manner, and in conjunction with “coffee.”

Consequently, WIPO acknowledged the rights that Colombia and the National Federation of Coffee Growers had in the domain names colombiancoffeeshop.com, colombiancoffeeshop.info, colombiancoffeeshop.org, and colombiancoffeeshop.ws.223

The Federation stated that it would continue to protect the prestige of the trademarks relating to Colombian coffee and to bring actions against companies or individuals trying to use fraudulently, for their own benefit, the registered trademarks that belong to 560,000 coffee-growing families in Colombia.

CZECH REPUBLIC

I.B.11.e. Bad Faith

The applicant sought registration for DELVAUX for products in International Classes 18 and 25 and with priority of August 20, 2003. The company Delvaux, owner of a chain of older Community Trade Marks (CTMs) for DELVAUX, also covering products in Classes 18 and 25, opposed the application on grounds of bad faith. Because the CTMs predated the Czech Republic’s accession to the

European Union (EU), the Czech Industrial Property Office considered them as having a priority of May 1, 2004, and the CTMs were therefore considered as the younger trademarks in this particular case.

In support of the opposition the opposing party was not able to submit any proof of sales or use of its DELVAUX marks in the Czech Republic, but it did submit evidence that DELVAUX is a well-known brand in Belgium for leather products and clothing, evidence of sales in a number of EU countries and an extract from the appropriate Commercial Register showing its trade name.

The Office held that as the applicant sought registration for the mark DELVAUX for goods for which the opponent’s trademarks were registered, the opponent used that name as its trade name, and, furthermore, the opponent had been engaged in the same field of business for 175 years and its goods bearing the trademark DELVAUX were sold in a number of countries of the world, it was very likely that the applicant, who trades in the identical products, must have known about the existence of the company Delvaux and about the identical trademarks. The Office concluded that the term “Delvaux” was so specific that the presumption that two entities could create it accidentally was precluded, and it refused registration.224

I.B.12. Famous Marks

The owner of the older registered trademarks JEEP and JEEPERS filed an opposition against the application for registration of the trademark JEEP, for products in International Class 3. The opponent asserted that its trademarks enjoyed well-known status under the Paris Convention for the Protection of Industrial Property, such character having been acquired through advertising and publicity in the Czech Republic.

The Czech Industrial Property Office refused the opposition. It found that the opponent did not provide sufficient proof that its trademarks had acquired well-known status in the Czech Republic.

On appeal, the opponent claimed that the Industrial Property Office should not have applied such a rigid standard. It was, the opponent argued, not necessary to submit to the Office documents proving well-known character for obviously famous trademarks such as JEEP, ROLLS ROYCE, and PHILLIPS.

An appellate panel of the Czech Industrial Property Office confirmed the first instance decision. The panel held that because the opponent failed to submit evidence proving that its marks had acquired well-known status (or the status of a trademark with good reputation), the opposition was ungrounded, as there was no similarity between the goods for which registration of the mark

JEEP was sought and the goods for which the opposing trademarks were registered. As regards the opponent’s argument that it was not necessary to prove the well-known character of trademarks such as JEEP, the appellate panel stated that it was necessary to prove the well-known character or good reputation of a trademark in each case.

III.A.2.b. Similarity of Marks

The contested trademark CAFÉ FRANZ KAFKA CAFÉ was registered for goods and services in International Classes 14, 16, 20, 21, 25, and 42. The petitioner filed a cancellation petition based on the mark’s confusing similarity to its older trademarks CENTRUM FRANZE KAFKY PRAHA, GALERIE FRANZE KAFKY PRAHA, KNIHUKUPECTVI FRANZE KAFKY PRAHA, and CAFÉ MILENA CENTRUM FRANZE KAFKY PRAHA. In the first instance decision, the Czech Industrial Property Office found the trademarks to be confusingly similar and issued a decision cancelling the contested trademark with respect to some goods and services in Classes 14, 16, 21, and 42.

The owner of the contested trademark filed an appeal, claiming that the first instance decision was contrary to public policy and accepted principles of morality. The appellant claimed that the petitioner was attempting to usurp a name that had become part of the cultural heritage of the Czech Republic.

The appellate panel of the Industrial Property Office upheld the cancellation. It concluded that the contested trademark was confusingly similar to the older opposing trademarks, as they all include the name of the famous writer Franz Kafka, which must be considered the dominant element of all compared trademarks. The panel refused to decide the issue of violation of public policy, however, ruling that this question could be resolved only in a civil court proceeding.

III.A.6. International Conventions

The petitioner filed a cancellation action against the trademark STOLICHNAYA VODKA. It claimed that although the contested trademark included the geographical denominations RUSSIAN VODKA and IMPORTED FROM RUSSIA, the products covered could not be of Russian origin or imported from Russia because the authorized Russian producer did not grant the trademark owner a license. The petitioner was of the opinion that the STOLICHNAYA VODKA mark could mislead the public with respect to the origin of the denominated products. The petitioner’s


request for cancellation was based on Article 23, paragraph 2 of the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), with regard to Article 6 quinquies, paragraph B(iii) of the Paris Convention.

The Czech Industrial Property Office refused the cancellation action. On appeal, the petitioner claimed that the Office did not apply the TRIPS Agreement as requested.

The first instance decision was confirmed by an appellate panel of the Czech Industrial Property Office. The panel concluded that, with regard to the fact that the contested trademark was registered for “vodka of Russian type,” the mark could not be considered as misleading in connection with the origin of the covered products at the time of registration.227

As regards deceitfulness of the trademark at the time of filing of the cancellation action, the appellate panel came to the conclusion that the TRIPS Agreement could be applied directly and need not be implemented in the national laws; however, the petitioner did not prove active legitimacy for filing of the cancellation action, and thus the TRIPS Agreement could not be used in this case. Article 6 quinquies, paragraph B(iii) of the Paris Convention and the telle quelle principle could not be applied either, as this trademark was national, it did not refer to any priority right, and the trademark owner did not request registration on the basis of Article 6 quinquies of the Paris Convention. In addition, the panel determined, although it is possible to find a trademark deceitful provided it misleads consumers concerning the origin of the covered products, it is necessary to prove that products bearing the trademark are of a different origin than that stated. In the case at hand, the petitioner failed to submit evidence proving that products bearing the contested trademark were not of the declared origin. Merely presuming that, because the rules of use for such denominations resulting from Russian legislation were not followed, the contested trademark could not have its origin in the Russian Federation was, the appellate panel held, insufficient.

III.F.5. Cancellation

The Czech trademark BLIND SKATEBOARDS was registered for goods in International Classes 14, 18, and 25, with priority of April 26, 2002. The petitioner filed a cancellation petition based on the defendant’s bad faith and based on its own use since 1998 of a similar, unregistered mark BLIND in the Czech Republic for identical and similar goods. In support of the bad faith claim, the petitioner submitted a list of trademark registrations in the defendant’s name of other skateboard industry brands that were

also on the Czech market (and whose rightful owners also had not registered them as trademarks in the Czech Republic).

The Czech Industrial Property Office decided that the registration application for BLIND SKATEBOARDS was filed in bad faith, and it therefore invalidated the trademark for all registered goods.  

DENMARK

I.B.3. Not Merely Descriptive Terms

Traditionally, English words were considered equivalent to Danish words when the registrability of a word mark was being considered. Two recent decisions by the Danish Board of Patent and Trademark Appeals, however, appear to indicate that English words can more easily be registered as trademarks in Denmark than was the situation previously.

The first case concerned an application for the word mark SPRING, to cover a broad list of goods and services in International Classes 18, 25, and 35. The Danish Patent and Trademark Office refused registration of the mark in Classes 18 and 25 on the ground that the mark was descriptive for a “spring collection.” The Danish Board of Patent Appeals reversed, holding that the word “spring” had several meanings, and could not be considered to be descriptive or otherwise lack distinctiveness in relation to the applied-for goods.

While this decision appears correct in relation to the specific mark and the specific goods, it can be debated whether it is compatible with the European Court of Justice’s (ECJ’s) decision in DOUBLEMINT, in which the ECJ held that a word mark must be refused registration “if at least one of its possible meanings designates a characteristic of the goods or services concerned.”

The second case involved the Danish designation of the International Registration of the word mark SWIFT, for a broad list of goods in Class 34, including “apparatus for rolling and filling cigarettes.” The Danish Patent and Trademark Office refused registration of this mark in Denmark because the mark consisted exclusively of signs or indications that could serve, in trade, to designate a characteristic of an “apparatus for rolling and filling cigarettes.” The reasoning for this was that the word “swift” was considered to be commonly known by Danes and the speed with

which a person could roll a cigarette was not immaterial to the purchaser’s choice of cigarette-rolling apparatus at the time of purchase. The word “swift” could indicate that users of the apparatus could roll cigarettes quickly, and thus was descriptive of the goods in question.

In a short decision, the Danish Board of Patent and Trademark Appeals reversed. The Board held that there were no grounds to presume that the word “swift” would be considered to be a characteristic of the goods in Denmark.231

III.A.2.a. Similarity of Goods/Services

Similar marks used for products with different uses can enjoy extensive rights in Denmark. The company Louis Poulsen Lighting A/S had used the trademark OSLO for a collection of indoor lighting for several years, and had therefore obtained common-law rights in the mark. Another manufacturer of lighting started using the identical mark for his collection of outdoor lighting. The Maritime and Commercial Court found that, despite the fact that they had “differences in their typical use,” the products still were similar. However, because there was no substitution and no evidence of actual damages, the court awarded DKR 10,000 (about US $1,250) in compensation and damages.

The Danish Supreme Court upheld the injunction, but raised the damages to DKR 25,000 (approximately US $4,000).232 Typically the Danish Supreme Court reduces damage awards, so this is a rare case in that regard.

III.A.2.b. Similarity of Marks

Even though Jutlandia is the name of a geographical part of Denmark, the mark JUTLANDOOR was considered confusingly similar to the mark JUTLANDIA DØRE by the Danish Supreme Court. The Court gave weight to the fact there was visual and auditory similarity between the marks. Furthermore, the brands had the same meaning (døre means “doors” in Danish). Both marks were used for house doors—in other words, for identical goods. What was actually in dispute was the extent to which the defendant had the right to use the name JUTLANDOOR as a result of an agreement. The holding company that owned the defendant had once owned the right to the brand JUTLANDIA DØRE, but the right to the brand JUTLANDIA was sold in 1994 to the predecessor of the plaintiff.


The Court found no evidence that the infringer and the plaintiff had made an agreement regarding the future use of the marks, in particular because at the time the agreement was entered into JUTLANDOOR was not used for house doors, but rather for wood-processing machines for developing countries. That is, the mark originally was used for noncompeting goods. As the mark JUTLANDIA DØRE had existed for a longer time than the mark JUTLANDOOR, the Supreme Court ordered the infringer to pay compensation of DKK 50,000 (approximately US $8,000).

III.A.11.b. No Similarity of Goods/Services

The Danish Supreme Court considered the rights of a mark well known today in relation to infringement and third-party rights several decades old.

The famous amusement park Tivoli Gardens claimed that a Danish bakery’s use of the word-and-device mark TIVOLI was unlawful. At least as early as the 1970s, and perhaps earlier, the defendant had been selling biscuits in bags and cans labeled with various TIVOLI logos and with images of the Tivoli Band. The defendant had made a separate royalty agreement in relation to the use of the mark TIVOLI & Device and the images of the Tivoli Palace, but had stopped the payments in 1990; however, the use had continued until 2001. The Bailiff’s Court granted an injunction in relation to the use of the image of the Tivoli Palace and the TIVOLI & Device mark, but would not enjoin the general use of the other logos and word marks.

Thereupon the plaintiff brought a court action against the bakery, claiming that the defendant’s use of the other word-and-device marks in relation to the marketing of biscuits was unlawful. Finding that the Tivoli Gardens were “an icon and a concept,” the Maritime and Commercial Court of Copenhagen agreed, and held for the trademark owner on all counts. The bakery appealed.

The Danish Supreme Court rejected the plaintiff’s claim. It referred to the fact that plaintiff had registered the word mark TIVOLI in 1967 in numerous international classes, but not in relation to “biscuits and cakes” in International Class 30 on account of third-party registration. Because of this and the fact that the plaintiff had waited two and a half years before objecting to the defendant’s registration of the TIVOLI mark for “biscuits and cakes” in Class 30, the Court held that the plaintiff could not enjoin use of the mark for such goods.

In a 3-2 split decision, the Supreme Court also rejected the plaintiff’s claim of trademark or other rights in the images of the Tivoli Band. The Court did, however, affirm that the use of the

TIVOLI logo and an image of the main Tivoli entrance building was in contravention of, among other things, the Danish Copyright Act.234

III.A.12. Lack of Distinctiveness

Words in a device mark registration and company name can be very weak in the absence of acquired distinctiveness. Plaintiff Tele & Data ApS had a registered word-and-device mark, comprising TELE & DATA and some figurative elements, for all services in International Class 38. Defendant Birk El Service ApS used a device mark comprising DANSK TELE & DATA KOMMUNIKATION and some figurative elements (not similar to the plaintiff’s figurative elements). The plaintiff sought an injunction prohibiting infringement of both its trademark and its company name. The Maritime and Commercial Court in Copenhagen held for the defendant, finding that the words TELE and DATA were common in relation to the relevant services and were not suitable for distinguishing the services of one trader from those of another without a showing that they had acquired secondary meaning.

On appeal, the Danish Supreme Court affirmed the lower court’s decision. The Supreme Court added that the plaintiff could not enjoin the use based on the inclusion of the words “Tele” and “Data” in its company name, and that there was no risk of confusion that would justify an injunction.235

V.A. Domain Names

The Danish Domain Names Act went into effect on July 1, 2005. One of the main tenets of the Act is Section 12(1), which states that “registrants may not register and use domain names in contravention of proper domain name practice.” The Danish Trademark Act and Marketing Practices Act apply technically only to the commercial (non-private) use of another’s trademark. Prior to the enactment of the Domain Names Act, the DIFO Complaints Board for Domain Names236 used “common legal principles” as the basis for a finding against a private respondent where the domain name registration was found to be in contravention of the trademark right.237 From the legislative history of the Act it is clear that the “proper domain name practice” embodied in Section

236. The DIFO Complaints Board for Domain Names (see www.difo.dk/regler/version10-en.pdf) is an alternative dispute resolution provider set up according to rules somewhat similar to the ICANN UDRP (see www.icann.org/udrp/).
237. See, e.g., discussion of the icq.dk decision at 92 TMR 371 n.328 (2002).
12(1) was intended to codify the practice of the DIFO Complaints Board, and in certain circumstances to outlaw the purely private registration and use of a domain name corresponding to a trademark. The DIFO Complaints Board has now had several occasions to interpret “proper domain name practice,” including the cases of froogle.dk and oregon.dk.

In froogle.dk, the respondent admitted knowledge of complainant’s FROOGLE trademark, and stated that he had registered the domain name froogle.dk as a “fun” email address. The DIFO Complaints Board found that “froogle” had no known meaning in Danish or English. Because the respondent had not given any explanation as to his choice of the name, which was registered shortly after the complainant launched its FROOGLE product search engine, the Board had no qualms in finding that the respondent’s registration of the domain name was due to his knowledge of the complainant’s search engine.

The Board determined that the respondent’s registration hindered the complainant in using its trademark under the Danish top-level domain .dk and at the same time was liable to create confusion among Internet users concerning the complainant’s presence on the Internet. It noted that the respondent, who had participated in the publicly accessible debate concerning illegal domain name registrations, was undoubtedly aware of the consequences of such domain name registrations, and that notwithstanding such awareness he had registered and maintained the registration of the domain name in spite of the complainant’s protests. Accordingly, the Board ruled that the respondent was disloyal in relation to the complainant, in contravention of Section 12(1) of the Domain Names Act.238

In oregon.dk, the DIFO Complaints Board had to balance the interests in a word that was a trademark as well as a geographic indicator. The complainant had registered the word mark OREGON in Denmark in 1975, and it had been in use at least since then on goods in International Classes 6, 7, and 8. The respondent did not originally use the domain name oregon.dk; once he was approached by the complainant, however, he had the domain name resolve to an official site for the U.S. state of Oregon. The respondent explained that he intended to use the domain name for a website featuring goods and services in Classes 25 and 38.

The Board found that there was no violation of the Danish Trademark Act, because the lack of use and the proposed use of the respondent’s domain name were not similar to the

complainant's trademark rights in Classes 6, 7, and 8. However, the Board noted that Section 12(1) of the Domain Names Act allows transfer of a domain name registered by a party that has no real interest in the name to another party that has such a relation to the values that the domain name signals that it has the possibility to utilize the real value of the domain name.

The respondent did not document his plans or give any reasons why his planned website should be named “oregon.” It was striking that he had changed the resolution of the domain name from nothing to Oregon State after being approached. At the same time, his registration prevented the trademark owner from being present under the Danish top-level domain with a domain name corresponding to the owner's trademark, which had been registered and in use in Denmark for many years. Where, as here, the trademark owner has a clear interest in the domain name, and such interest clearly outweighs the possible interest the respondent might have in maintaining the registration, the trademark owner can be awarded the domain name, in accordance with Section 12(1) of the Domain Names Act. Consequently, the domain name was transferred to the trademark owner.

This case shows that the new Danish Domain Names Act can be a great asset to trademark owners and others in situations where “first come, first served” has been the main rule.

ECUADOR

III.B. Unfair Competition

On September 10, 2004, Productos Familia S.A. and Productos Familia Sancela del Ecuador S.A. filed an administrative guardianship action with the Ecuadorian Institute of Intellectual Property (IEPI) on the ground that their industrial property rights were affected by the sale of FAMILIA brand napkins, manufactured in Peru by Kimberly Clark del Peru S.R.L and distributed in Ecuador by Disherv Cia. Ltda., Distribuidora Jumbo Center Cia. Ltda. and Distribuidora Carlos Arias Distarias Cia. Ltda.

Productos Familia S.A. was incorporated in Colombia in 1958 as Scott de Colombia S.A. It changed its name to Productos Familia S.A. in 1986. Since 1965, the company has used the trademark FAMILIA to identify paper products utilized for sanitary and cleaning purposes. Originally, the FAMILIA brand was used for toilet paper; in 1970, its use was expanded to cover

napkins. Currently, FAMILIA products are sold in several countries, among them Venezuela, Colombia, and Ecuador, where they are the leading products in that market segment.

In Ecuador, FAMILIA products are sold through (and in many cases manufactured by) the affiliate Productos Familia Sancela del Ecuador S.A., of which Productos Familia S.A. is the sole shareholder. The affiliate was incorporated in 1996.

Since 1977, when the trademark FAMILIA was registered for the first time, Productos Familia S.A. and Productos Familia Sancela del Ecuador S.A. have held many registrations in Ecuador relating to FAMILIA and other marks deriving from it.

Based on the aforementioned rights, IEPI conducted inspections on the infringers. After verifying the sale of napkins, it prohibited their marketing until a resolution was issued. IEPI set a deadline for the distributors to answer the action filed. The three distributors answered the action after the deadline had passed.

On December 30, 2004, Kimberly Clark Worldwide Inc. submitted a document in the same process as an interested third party, alleging that it was the legitimate owner of the first registration of the FAMILIA mark in Ecuador.

On June 20, 2005, IEPI issued a resolution accepting the administrative guardianship action on grounds of unfair competition and trademark infringement. It ordered the seizure of all inventoried packages of FAMILIA brand napkins and prohibited the sale of FAMILIA brand napkins manufactured by Kimberly Clark Peru S.R.L. Further, IEPI decreed that Kimberly Clark Worldwide Inc. was not a party to the process because there was no license agreement registered evidencing its relationship to Kimberly Clark Peru S.R.L.

This case is important because it is one of the first instances when IEPI has admitted for hearing a case based on unfair competition and has sanctioned it on that basis, and not as a case involving comparison of trademarks. In addition, IEPI has once again decreed that licenses of use that are not registered have no effect versus third parties.

**III.F.3. Nullity**

Andean Community Commission Decision 351\(^241\) and the Ecuadorian Intellectual Property Law\(^242\) afford appropriate and effective protection for authors of and other holders of rights in works of talent in literature, the arts, or science. More specifically, Andean Community Commission Decision 486 provides: “Those signs the use of which in commerce may constitute an impediment

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\(^{241}\) Commission of the Andean Community, Decision No. 351 (Common Provisions on Copyright and Neighboring Rights), December 17, 1993.

to the rights of third parties may ... not be registered as trademarks, in particular where [they] may violate the intellectual property right or copyright of a third party, unless the consent of that party has been obtained. . . .”

João Scognamiglio, a Brazilian national, is the author of several works of art with a religious content, which are copyrighted in Brazil, Ecuador, and other countries. Among them are “Design for the Cross of Santiago” and “Ceremonial Attire or Vestments.” In 2002, the company Sociedade Brasileira de Defesa da Tradição Família e Propiedade (Sociedade Brasileira), which was not one of those licensees expressly authorized by the rights holder to use these works, obtained registration in Ecuador of the service mark DISEÑO DE TRAJE DE GALA (“GALA SUIT DESIGN”) in International Class 41, which includes a design identical to the one protected by Mr. Scognamiglio’s copyrights for “Ceremonial Attire or Vestments” and “Design for the Cross of Santiago.”

In response, Mr. Scognamiglio brought an action for administrative guardianship to prevent the rights deriving from Sociedade Brasileira’s registration of the mark from being used to prevent the licensees of his copyrights in Ecuador from their legitimate enjoyment of copyright rights. In addition, he brought an action against the company seeking the nullity of the registration of its mark, based on the copyrights for and the notoriety of his works.

Sociedade Brasileira focused its defense on certain evidence of use of the contested mark and on the statement that João Scognamiglio was not the author. However, the defendant was not able to show who in its opinion the author was, nor was the company able to evidence the notoriety of its mark.

The guardianship action was resolved in favor of the plaintiff; the defendant was prevented from filing actions against Mr. Scognamiglio’s exercise of the copyrights or his licensees’ enjoyment of their rights. Pending resolution of the nullity action, the copyrights and the service mark were allowed to coexist.

In its resolution deciding the nullity action, the administrative authority ratified that a copyright is—among other aspects—compatible and cumulative with, any industrial property rights that may exist with regard to a work.

The resolution stated that, based on the evidence filed, Mr. Scognamiglio’s work was considered as notorious and owned by him; consequently, and as the defendant had not demonstrated authorization from the author to register a mark that reproduced his work, the administrative authority ordered the nullity of the registration.248

Sociedade Brasileira did not appeal this decision.

EL SALVADOR

I.A.2. Assignments

The Chilean company Empresa Nacional de Telecomunicaciones S.A. filed an application to register MAIL 123, to cover services in International Class 38. The Intellectual Property Department denied the registration based on the existence of the trademark 10 123, registered in the name of Americatel Corporation. On appeal, the National Bureau of Registries revoked the Intellectual Property Department’s denial of registration on account of the fact that the mark 10 123 had been assigned to Empresa Nacional de Telecomunicaciones S.A. after the date of the denial resolution.249

The Mexican company MMI S.A. de C.V. filed an application to register AZPE & Design, for goods in Class 18. The Intellectual Property Department denied the registration because of the existence of an identical mark, registered in the name of Regue Trading, Sociedad Anónima. On appeal, the National Bureau of Registries revoked the denial of registration because Regue Trading’s mark had been assigned to MMI S.A. de C.V. after the date of the Intellectual Property Department’s denial resolution.250

Pharmacia & Upjohn S.A. filed an application to register the mark NEO-MEDROL, to protect pharmaceutical products in Class 5. The Intellectual Property Department denied the registration based on the existence of a similar mark, registered in the name of the Upjohn Company. On appeal, the National Bureau of Registries revoked the denial of registration by the Intellectual Property Department owing to the fact that Upjohn’s registered

mark had been assigned to Pharmacia & Upjohn after the date of the denial resolution.\textsuperscript{251}

\textbf{I.B.2. Merely Descriptive Terms}

The Guatemalan company Quindeca, Sociedad Anónima, filed an application to register PEGA/RAPID, covering goods in International Class 1. On appeal, the National Bureau of Registries confirmed the Intellectual Property Department’s denial of registration on the ground that the applied-for mark was descriptive.\textsuperscript{252}

\textbf{I.B.8.a. Similarity of Marks}

Bayer Corporation filed an application to register THROMBATE III, for goods in International Class 5. On appeal, the National Bureau of Registries confirmed the denial of registration by the Intellectual Property Department based on the applied-for mark’s similarity to CONVATEC, previously registered by E.R. Squibbs & Sons, L.L.C. for goods in the same class.\textsuperscript{253}

Kraft Foods Schweiz Holding AG filed an application to register ICE PRESSO & Design, to protect goods in Class 32. The National Bureau of Registries, on appeal, confirmed the denial of registration by the Intellectual Property Department because of the applied-for mark’s similarity to the trademark ICE, registered by the local company Alimentos Dixie de El Salvador S.A. de C.V. to protect goods in the same class.\textsuperscript{254}

Knorr-Naehrmittel Aktiengesellschaft filed an application to register KNAX, covering goods in Class 30. On appeal, the National Bureau of Registries confirmed the denial of registration based on KNAX’s similarity to the trademark SNAXS, previously registered by the local company Productos Alimenticios Ideal, S.A. de C.V. and covering goods in the same class.\textsuperscript{255}

McCormick & Company opposed the application filed by the local company Productos Alimenticios Bocadeli, Sociedad Anónima

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de Capital Variable, for registration of JALIS-KITOS, to cover goods in International Class 29. The National Bureau of Registries, on appeal, confirmed the denial of registration by the Intellectual Property Department because of the similarity of JALIS-KITOS to the trademark JALISCO, previously registered by the American company.  

**I.B.22. Distinctiveness**

Vans, Inc. filed an application to register the figure of a shoe sole, for goods in International Class 25. On appeal, the National Bureau of Registries confirmed the Intellectual Property Department denial of registration for the applied-for mark based on lack of distinctiveness.  

**ESTONIA**

**I.B.1. Generic Names**

During the Soviet period, trademarks in Estonia (as well as in all the other Soviet republics) did not perform the main function of a trademark—to distinguish the goods of one person from similar types of goods of other persons. In most cases, almost all the producers in the field used the same trademarks for the same goods. Furthermore, the nature of the goods was determined by national standards. Consequently, the trademarks became very well known, but they had no proper owner.

After Estonia regained its independence in 1991, the situation in the field of intellectual property also changed. Although about 15 years have passed since then, there remain unsettled several trademark disputes that arose while the situation was as described above.

In May 2005, the Estonian Board of Appeal issued decisions concerning the trademarks DOKTOR ("doctor") and LEMMIK ("favorite"), covering meat products. During the Soviet years these were very well known trademarks for sausages, and several meat factories have continued to use them.

In 2000, OÜ Kikas Kaubandus filed trademark applications for registration of the word marks LEMMIK and DOKTOR, both


259. Decision Nos. 528-o and 530-o, Board of Appeal of Industrial Property, Ministry of Economic Affairs and Communications, May 3, 2005.
covering meat and various meat products in International Class 29. In the course of examination in the Patent Office, the list of goods was slightly limited, as the Patent Office refused to register the trademarks DOKTOR and LEMMIK for sausages but granted registration for other meat products in Class 29.

Both trademark registrations were opposed by Rakvere Meat Factory Ltd. and the Estonian Meat Association.

The Board of Appeal upheld the oppositions. It found that the words DOKTOR and LEMMIK could not function as trademarks, as through extensive use they had come to designate a certain sort of sausages and therefore had become customary in current language. A word cannot serve as a generic term and a trademark at the same time. In addition, as there have been and are a number of different meat factories that make this kind of sausage and use these words on their products, the Board opined that DOKTOR and LEMMIK were not capable of performing the main function of a trademark—distinguishing the goods of one person from the similar goods of another person.

It should be noted that the words DOKTOR and LEMMIK were and are used as trademarks only for a certain type of sausages. In its decision, however, the Board of Appeal held that these words also cannot serve as trademarks for any other meat products, as sausage is a meat product as well.

The fact that the Board of Appeal stated that the words DOKTOR and LEMMIK designate purely a certain sort of sausage is also interesting, because one cannot find any indication of that restriction in the dictionaries.

**III.A.1. Famous Marks**

In 2002, KR Kaubanduse AS filed an action against Rautakesko AS, claiming that Rautakesko’s unregistered mark K-RAUTA infringed KR Kaubanduse’s rights in its registered trademarks K-RAUA & logo. The defendant argued that its trademark was well known in Estonia, within the meaning of Article 6bis of the Paris Convention for the Protection of Industrial Property. Rautakesko stated that its holding company had been using the trademark in Finland since 1977, and thus KR Kaubanduse’s K-RAUA trademarks were, in fact, infringing the defendant’s rights. In addition, Kesko Oyj, Rautakesko’s holding company, applied for cancellation of the plaintiff’s trademarks.

The Tallinn City Court, in deciding the case, did not rule on the cancellation action. It was not important, said the court, whether the defendant’s unregistered trademark was well known before the trademarks belonging to the plaintiff were registered in

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260. Estonian Trademark Registration Nos. 18784 and 34490.
Estonia. The court was of the opinion that under Paris Convention Article 6bis the owner of a well-known, but unregistered, trademark does not have the same rights as the owner of a registered trademark. The scope of legal protection for a trademark was regulated by national legislation, and the Estonian Trademark Act in force until May 1, 2004, did not foresee protection for a well-known mark.

The defendant filed an appeal with the Tallinn Court of Appeal, but the appellate court upheld the City Court’s decision. On further appeal, the Supreme Court of Estonia ruled that the Paris Convention provided the well-known trademark with the same amount of protection that a national registration did. In addition, the Court declared that, in common with the new Estonian Trademark Act, the Trademark Act in force until May 1, 2004, did foresee protection for a well-known mark. It explained, however, that if the defendant’s trademark was well known before the claimant’s trademarks were registered, the defendant had, according to the Trademark Act, the right to contest the decision on registration within a set period. As long as KR Kaubanduse’s trademarks remained registered, Rautakesko’s use of the mark K-RAUTA would be considered an infringement of KR Kaubanduse’s marks, even if the K-RAUTA mark was well known before KR Kaubanduse registered its trademarks in Estonia.

The Supreme Court also held that the court of first instance should have considered that the validity of KR Kaubanduse’s trademark registrations was contested, and it would have been correct to halt the court proceeding pending the results of cancellation action. Accordingly, the Supreme Court annulled the earlier decisions on grounds of procedural error.

III.A.27. Exhaustion of Trademark Rights

In Gulf International Lubricants Ltd. v. Gulf Oil Estonia AS, the Tallinn City Court ruled that the defendant could use the plaintiff’s registered trademark in order to bring to the public’s attention the further commercialization of goods that had been put on the market by the plaintiff or with the plaintiff’s consent. The decision is in conformity with decisions of the European Court of Justice (ECJ) on exhaustion of trademark rights.

263. Case No. 3-2-1-168-04, Supreme Court, February 23, 2005.
264. Case No. 2/276-4236/04, Tallinn City Court, April 5, 2005.
265. In Bayerische Motorenwerke AG (BMW) & BMW Nederland BV v. Ronald Karel Deenik (Case C63/97, ECJ, February 23, 1999), the ECJ explicitly stated that the proprietor of a trademark can prohibit a third party from using the mark for the purpose of informing the public that he provides services in respect of goods covered by that trademark if the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trademark proprietor. In particular, the
Gulf Oil Estonia is an importer and wholesaler of lubricants in International Class 4. Among other products, the company imports and sells, under the word and device mark GULF & logo, lubricants that are put on the market by Gulf International Lubricants or with its consent. To promote the sale of the products in Estonia, Gulf Oil Estonia has published advertisements incorporating the logo trademark, and it uses the mark on its cars, on flags in front of the administrative building, and, along with some other trademarks, on its business cards.

Gulf International Lubricants initiated an action for trademark infringement. It claimed that as a result of the activities of Gulf Oil Estonia the public was given the misimpression that the defendant was the “official” reseller of plaintiff’s goods. While acknowledging that although resellers of goods put on the market by a trademark owner or with its consent should also have the right to advertise those goods, the plaintiff alleged that the defendant’s activities took unfair advantage of the reputation of its trademark and exceeded the activities necessary to bring to the public’s attention the further commercialization of goods.

The Tallinn City Court dismissed the action. Its reasoning was as follows:

1. Resellers should follow good business practice when advertising goods put on the market by the trademark owner or with its consent.

2. The court agreed, in principle, with the plaintiff’s argument that misleading the public in respect of whether the reseller was an official reseller should be considered acting against good business practice.

3. Resellers that have special connections with the trademark owner usually use the title “official reseller” to point to their status.

4. The plaintiff did not prove that the defendant’s advertisements, and its use of the GULF logo on cars, on flags in front of the administrative building, and on business cards along with some other trademarks, were

ECJ referred to the danger of creating an impression that the reseller’s business is affiliated with the trademark proprietor’s distribution network or that there is a special relationship between the two undertakings. However, the ECJ also noted that “[w]hether advertising may create the impression that there is a commercial connection between the reseller and the trademark proprietor is a question of fact for the national court to decide in the light of the circumstances of each case.”

As the ECJ has not provided instructions for national courts concerning actions that may create a wrong impression, the only issue that can be argued in such cases is whether the particular circumstances of the case are misleading. Therefore, it is primarily a question of evidence and substantiation filed by both parties with the court.
activities that would mislead the public or relevant business circles.

5. Despite the fact that the official reseller of the plaintiff’s goods in Estonia and the defendant had coexisted for several years, the plaintiff could not prove that any misunderstanding had occurred.

EUROPEAN COMMUNITY

I.B.22. Distinctiveness

In July 2005 the European Court of Justice (ECJ)266 was asked by the English Court of Appeal to give guidance as to whether a mark that had no inherent distinctive character and had only ever been used as part of a composite mark along with a registered mark could thereby have acquired a distinctive character itself. This issue arose in the context of a trade mark dispute between rival confectioners Nestlé and Mars.

Nestlé had been marketing its popular chocolate snack, KIT KAT under the slogan and registered trade mark HAVE A BREAK . . . HAVE A KIT KAT for many years. Nestlé applied to register only the words HAVE A BREAK as a UK trade mark. Mars opposed, contending that the mark was not inherently distinctive under Article 3(1)(b) of the EC Trade Marks Directive (the “EC Directive”),267 and that it had not acquired distinctive character under Article 3(3). Article 3(3) states that a trade mark shall not be refused registration by virtue of, among other things, Article 3(1)(b) if, before the date of application for registration, it has in fact acquired distinctive character as a result of the use made of it.

The hearing officer concluded that the mark was not inherently distinctive. Furthermore, the mark had not acquired distinctive character through use, because although there was extensive use of HAVE A BREAK . . . HAVE A KIT KAT, hardly any use had been made of the mark HAVE A BREAK on its own. The hearing officer thought that use on its own was essential.

Nestlé appealed. The English High Court affirmed the decision, and Nestlé made a further appeal. The Court of Appeal agreed with the lower tribunals that the mark was not inherently distinctive. However, in respect of acquired distinctiveness, it referred the matter to the ECJ, asking, “May the distinctive character of a mark referred to in Article 3(3) . . . be acquired following or in consequence of the use of that mark as part of or in conjunction with another mark?”


In another sparse judgment, the ECJ answered that “distinctive character . . . may be acquired following or in consequence of the use of that mark as part of or in conjunction with another mark.”

In its reasoning, the ECJ confirmed that distinctive character must be assessed, on the one hand, in relation to the goods or services in respect of which registration is applied for and, on the other, in relation to the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect. 268

The ECJ also noted that the identification, by the relevant class of persons, of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark.

It was not, however, necessary for the mark in respect of which registration is sought to have been used independently for its use to be considered as “use as a trade mark.” Article 3(3) contains no such restriction or requirement.

Use of a mark, including use as part of a composite mark or use alongside another registered mark, would still be “use as a trade mark” if it was “for the purposes of identification, by the relevant class of persons, of the product or service as originating from a given undertaking.”

The Advocate General 269 had reached the same conclusion but had viewed the problematic requirement of “use as a trade mark” from the opposite direction. In his view, “the concept of use in Article 3(3) . . . is therefore to be construed from the perspective of the result. Any use which confers on a sign the distinctive character necessary for registration as a mark must be deemed to be use of a mark as a trade mark and meets the requirements of Article 3(3).”

Unfortunately, it remains unclear whether the ECJ’s phrase “for the purposes of identification . . .” requires a subjective intentional element by the owner/licensee to use its mark for these purposes. Alternatively, it may be that evidence of reliance on the mark by consumers in order to identify the origin of the products or services will be sufficient, irrespective of the owner’s intentions. The latter interpretation may be more practical to apply and is closer to the Advocate General’s reasoning.

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269. Advocate General Kokott delivered his opinion on this case on January 27, 2005.
I.B.24. Service Marks

In July 2005 the ECJ was asked to give guidance as to whether retail services marks could be registered under the EC Directive.270 This issue arose during the course of proceedings between Praktiker Bau- und Heimwerkermärkte AG and the German Patent and Trade Mark Office concerning Praktiker's application to register the mark PRAKTIKER in International Class 35 for "retail trade in building, home improvement gardening and other consumer goods for the do-it-yourself sector" (emphasis added). The German Trade Mark Office rejected the application. In its view, services that amounted to the sale and purchase of goods as such were not services for which a mark could be registered. Praktiker appealed to the Federal Patents Court in Germany, which stayed the proceeding and referred several questions to the ECJ.

The ECJ took the view that at the core of these questions was the issue of whether the concept of services referred to in particular in Article 2 of the EC Directive "is to be interpreted as including services provided in connection with the retail trade in goods and, if so, whether the registration of a service mark in respect of such services is subject to the specification of certain [specific] details."

Article 2 sets out that a trade mark "may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings."

Several of those who submitted observations to the ECJ drew attention to the Explanatory Notes to Class 35 of the Nice Classification. These specify that "this Class includes, in particular: the bringing together, for the benefit of others, a variety of goods (excluding transport thereof), enabling customers to conveniently view and purchase those goods. . . ." However, these notes also make it clear that Class 35 "does not include, in particular: activity of an enterprise the primary function of which is the sale of goods, i.e., of a so called commercial enterprise. . . ."

Concerns were also expressed that if marks for "services provided in connection with the retail trade in goods" can be registered without further identification, such marks would not serve their essential function of distinguishing the services provided by one undertaking from those of another. Additionally, it would be difficult to assess the similarity of services offered under two allegedly conflicting marks when applying the opposition and

infringement provisions of the EC Directive (Articles 4(1) and 5(1), respectively).

The ECJ noted that nothing in the EC Directive or Community law precludes the registration of marks for services consisting of the activities a retailer carries out to encourage the sale of its goods in addition to the legal sales transaction itself. Furthermore, the Explanatory Notes supported the view that marks for such additional services may be registered. Accordingly, the ECJ concluded that the concept of services within the meaning of the EC Directive includes services provided in connection with retail trade in goods.

It also concluded that “it is not necessary to specify in detail the service(s) for which that registration is sought.” Rather, it is sufficient to identify those services with general wording, such as the “bringing together of a variety of goods, enabling customers to conveniently view and purchase those goods.” However, in order to ensure that Articles 4(1) and 5(1) could be easily applied (see above), the applicant would be required “to specify the goods or types of goods to which those services relate.”

Until now there has been a great deal of disparity between the approaches of the national trade mark offices of the Member States to retail services marks. Now that the ECJ has supplied its “uniform interpretation of the concept of services,” many will need to amend their practices so as to comply with this interpretation.

II.F. International Issues

In Anheuser-Busch, Inc. v. Budějovický Budvar, Národní Podnik,271 the ECJ was asked to provide guidance on the correct interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).272 In particular guidance was sought in respect of Article 16 of the TRIPS Agreement.

Article 16 specifies that the “owner of a registered trade mark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.” (Emphasis added.)


272. TRIPS forms part of the World Trade Organization Agreement, which was approved by the EC Council on December 22, 1994 (Council Decision 94/800/EC).
Anheuser-Busch owns the trade marks BUDWEISER, BUD, BUD LIGHT, and BUDWEISER KING OF BEERS in Finland for beer. The first application for these marks was filed on October 24, 1980.

Budvar registered its trade name in the Czechoslovakian commercial register on February 1, 1967 (i.e., more than 12 years earlier). It was registered in Czech (BUDĚJOVICKÝ BUDVAR, NÁRODNÍ PODNIK), English (BUDWEISER BUDVAR, NATIONAL CORPORATION), and French (BUDWEISER BUDVAR, ENTREPRISE NATIONALE). Budvar also registered the trade marks BUDVAR and BUDWEISER BUDVAR for beer in Finland, on May 21, 1962, and November 13, 1972, respectively. However, the Finnish courts declared that Budvar had forfeited its trade mark rights as a result of its failure to use these marks.

Anheuser-Busch sought, through the Finnish courts, to prohibit Budvar from using in Finland the marks BUDĚJOVICKÝ BUDVAR, BUDWEISER BUDVAR, BUDWEISER, BUDVAR, BUD, and BUDWEISER BUDBRAÚ for beer. It also sought an order from the Finnish courts that Budvar also be prohibited from using the trade names it had registered, on the ground that those names were liable to be confused with its trade marks.

Budvar argued that the marks it used in Finland to market its beer could not be confused with Anheuser-Busch’s trade marks. Furthermore, with respect to BUDWEISER BUDVAR, Budvar argued that the registration of its trade name in Czech, English, and French conferred on it an earlier right than Anheuser-Busch’s trade marks.

The crucial questions referred to the ECJ by the Finnish appeal court were in essence:

1. Whether use of a trade name could amount to use of a sign within the context of Article 16(1) of the TRIPS Agreement; and
2. Under what conditions a trade name that is not registered or established by use in the Member State in which an identical or similar trade mark belonging to another is registered may be regarded as an existing “prior right” within the meaning of Article 16(1).

First, the ECJ confirmed that it had jurisdiction to interpret the relevant provisions of TRIPS. This was because the Finnish court was called upon to apply its national rules relating to “measures for the protection of rights created by Community legislation which fall within the scope of [TRIPS]. . . . Since the Community is a party to the TRIPS Agreement, it is indeed under an obligation to interpret its trade-mark legislation, as far as possible, in the light of the wording and purpose of that agreement.” Therefore, although the provisions of TRIPS do not
have direct effect in the Member States, “in the present case, the relevant provisions of the national trade-mark law must be applied and interpreted, as far as possible, in the light of the wording and purpose of the relevant provisions of both Directive 89/104 and the TRIPS Agreement.”

In respect of question 1 above, the ECJ concluded that a trade name may constitute a sign within the meaning of Article 16(1). It noted, however, that this provision was intended to confer on the proprietor of a trade mark the exclusive right to prevent a third party from using such a sign only if the use in question was liable to prejudice the functions of the trade mark, in particular, its essential function of guaranteeing to consumers the origin of the goods. Furthermore, it added that the exceptions provided for in Article 17 of the TRIPS Agreement are, among other things, intended to enable a third party to use a sign that is identical or similar to a trade mark to indicate his trade name, provided such use is in accordance with “honest practices in industrial or commercial matters.”

The ECJ made it clear that it was up to the Finnish court to determine whether Budvar’s actual use was liable to prejudice the functions of Anheuser-Busch’s trade marks and/or it could obtain the benefit of the relevant exception.

In respect of question 2 above, the ECJ concluded that a trade name that is not registered or established by use in the Member State in which another’s similar or identical mark is registered may be regarded as an existing prior right within the meaning of Article 16(1) of TRIPS. However, this will only occur if the owner of the trade name has a right falling within the substantive and temporal scope of TRIPS that arose prior to the trade mark with which it is alleged to conflict.

In its reasoning, the ECJ explained that a trade name is a right falling within the scope of the term “intellectual property” according to the meaning given that term by the TRIPS Agreement. Moreover, it follows from Article 2(1) of TRIPS that the protection of trade names (for which specific provision is made in Article 8 of the Paris Convention) is also expressly incorporated in the TRIPS Agreement. Therefore, the members of the World Trade Organisation are under an obligation to protect trade names. Furthermore, Article 8 of the Paris Convention makes it clear that such protection may not be made subject to any registration requirement. However, neither Article 16(1) of TRIPS nor Article 8 of the Paris Convention precludes conditions for the protection of trade names relating to minimum use or minimum awareness in the Member State where the alleged prior right is being asserted. It was up to the Finnish court to determine whether such conditions did exist under Finnish law, and if so, whether Budvar had fulfilled them.
III.A.2. Likelihood of Confusion

The ECJ was asked to give guidance as to what the consequences should be of using another’s trade mark as part of one’s own brand when it was a composite of that earlier mark and one’s own company name.273 This occurred in the course of a dispute between two giants in the leisure electronic devices world market, Medion AG and Thomson Multimedia Sales Germany & Austria GmbH.

Medion had registered the word LIFE in Germany in 1989 for “leisure electronic devices.” Thomson began using the mark THOMSON LIFE on electronic devices in Germany, and in 2002 Medion sued for infringement of its LIFE trade mark. The court of first instance rejected Medion’s claim in that the signs were not identical and there was no likelihood of confusion as required by Article 5(1)(b) of the EC Directive. Medion appealed to the German Federal Court, which referred the following question to the ECJ:

Is Article 5(1)(b) . . . to be interpreted as meaning that where the goods or services covered by competing signs are identical there is also a likelihood of confusion on the part of the public where an earlier word mark with normal distinctiveness is reproduced in a later composite word sign belonging to a third party, or in a word sign or figurative sign belonging to a third party that is characterised by word elements, in such a way that the third party’s company name is placed before the earlier mark and the latter, though not alone determining the overall impression conveyed by the composite sign, has an independent distinctive role within the composite sign?

The ECJ’s very specific and rather unhelpful answer to this very specific question was:

Article 5(1)(b) . . . is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein. [Emphasis added.]

Rather more helpfully though, in its reasoning, the ECJ first noted that the likelihood of confusion depends not on the similarity of the signs in question alone but on a global appreciation that takes into account “all factors relevant to the circumstances of the

case.” The Advocate General, in his opinion,\textsuperscript{274} had spelled these out as the similarity between mark and sign, the similarity of goods or services covered, and the level of distinctiveness of the earlier-registered mark, and noted the interdependence of these considerations (for example, where there was close similarity of goods, a lesser degree of similarity of marks would suffice to cause a likelihood of confusion). However, the ECJ merely cited the \textit{SABEL} case,\textsuperscript{275} in which the global appreciation test was formulated.

The ECJ confirmed that even where an earlier-registered mark that was used as part of a composite sign was not the dominant element of the composite sign, it could still play a distinctive role in the overall impression conveyed by the composite sign, and this could “lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically.” Such an impression was sufficient to constitute a likelihood of confusion within the meaning of Article 5(1)(b).\textsuperscript{276}

The ECJ noted that this could happen when the owner of a widely known mark made use of a composite sign juxtaposing this widely known mark and an earlier mark that was not itself widely known. It would also be the case if the composite sign was made up of an earlier mark and a widely known commercial name. In these circumstances, the overall impression would be, most often, dominated by the widely known mark or commercial name included in the composite sign. However, in both cases, the use of the earlier mark within the composite sign could still suggest such an economic link.

In fact, the Advocate General had taken note of the Court of First Instance’s finding that the owner of the Community trade mark WEST should be successful in its opposition to the registration of the composite WEST LIFE as a Community trade mark. This was because the relevant public might think that there was an economic link between the companies that marketed goods under the respective marks, and therefore, there was a likelihood of confusion. He was, however, careful to note that this decision had depended upon its own factual context, and therefore, it could not be assumed that the marks THOMSON LIFE and LIFE were also confusingly similar in the differing factual context of the present proceedings.

\textsuperscript{274} Advocate General Jacobs delivered his opinion in these proceedings on June 9, 2005; see paragraphs 20–23.


The ECJ was similarly cautious in stressing that a finding of likelihood of confusion was not conditioned on the earlier mark's dominating the overall impression produced by a composite sign. With this caveat, the ECJ left it to the national court to properly apply the global appreciation test.

### III.A.5. Fair Use

In proceedings relating to the circumstances in which it is legitimate to use another’s registered trade mark in order to indicate the purpose of an item, the final appeal court of Finland (the *Korkein oikeus*) referred to the ECJ several questions relating to Article 6(c) of the EC Directive. Article 6(c) states:

> The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, . . . (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

The dispute from which these questions arose related to razor blades sold in Finland by LA Laboratories under the brand name PARASON FLEXOR but with a sticker affixed printed with the words “All Parason Flexor and Gillette Sensor handles are compatible with this blade.” The Gillette company group objected to these stickers and launched infringement proceedings against LA Laboratories, relying upon their Finnish registrations for the words GILLETTE and SENSOR in International Class 8 for “razors” and other similar items.

Article 5(1) of the EC Directive provides:

> The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

a. any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

b. any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

At first instance, Gillette was successful as the Helsinki court held that the exception provided by Article 6(1) must be narrowly construed and applied only to spare parts and accessories that may

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be compatible with another’s product. It did not apply to an “essential part” of a product. The Finnish court was of the view that, here, both handle and blade should be regarded as an essential part of the product and neither could be regarded as a spare part for the other.

The Court of Appeal of Helsinki, however, disagreed with this analysis. It held that the blades could be regarded as “spare parts” and that the stickers provided consumers with useful information on compatibility in a way that did not give the impression there was any commercial connection between the Gillette companies and LA Laboratories. Accordingly, in the appeal court’s view, these stickers fell within the Article 6(1) exception to infringement.

The Gillette companies appealed again to the Korkein oikeus, which referred five detailed questions to the ECJ for its guidance. The first three questions related to the meaning of "necessary" and the last two to what constitutes use "in accordance with honest practices in industrial or commercial matters" within the wording of Article 6(1) of the EC Directive. The guidance given by the ECJ very closely followed the opinion of its Advocate General.278

First, the ECJ noted that it was not necessary for an item to amount to a “spare part” for it to fall within the scope of Article 6(1). Spare parts and accessories were cited in the wording of this Article “only by way of example,” being the most “usual situation in which it is necessary to use a trade mark in order to indicate the intended purpose of a product.” The ECJ concluded that use of the trade mark by a third party that is not its owner is “necessary” in order to indicate the intended purpose of a product marketed by that third party “where such use in practice constitutes the only means of providing the public with comprehensible and complete information on that intended purpose. . . .” (Emphasis added.)

At first glance, this would appear to make Article 6(1)(c) quite narrow in scope. Theoretically, there may often be other means of providing such information to the public, such as the product’s compliance with a technical standard or norm. However, such an alternative will not prevent the use of the trade mark from being considered to be “necessary” unless, if adopted, it would have provided “comprehensible and complete information” on the intended purpose of the product to the relevant public (i.e., “the public for which that type of product is intended”).

It is interesting to note that the ECJ added “comprehensible” to the Advocate General’s formulation of “the only means of providing consumers with complete information as to the possible uses of the product in question.” Also, it did so in the context of noting when the availability of a technical standard would render

278. The opinion of Advocate General Tizzano in these proceedings was delivered on December 9, 2004.
it unnecessary to refer to another’s trade mark when indicating
the purpose of a product.

Ultimately, the ECJ said that “[i]t is for the national court to
determine whether, in the circumstances of the case . . . , use of the
trade mark is necessary, taking account of the[se] requirements.”

As to “honest use,” the ECJ indicated that this simply means
“a duty to act fairly in relation to the legitimate interests of the
trade mark owner.” The ECJ gave four concrete examples of
behaviours that do not constitute “honest use,” such as where the
use made by the third party:

1. Is done in such a manner as to give the impression that
there is a commercial connection between the third party
and the trademark owner;
2. Affects the value of the trade mark by taking unfair
advantage of its distinctive character or repute;
3. Entails the discrediting or denigration of that mark; or
4. Presents the product as an imitation or replica of the trade
mark owner’s product bearing the trade mark.

III.J. Gray Marketing

In a case concerning the Beecham group’s famous
AQUAFRESH brand of toothpaste,279 the ECJ was asked to
consider at what point goods that had touched EU soil would be
considered to have been “imported” for the purposes of the EC
Directive. Specifically, what could the trade mark owner Beecham
do about allegedly infringing goods that had come onto EU soil
under the customs warehousing procedure or the external transit
procedure, and therefore still had the customs status of non-
Community goods.

This issue arose when Class International brought into
Rotterdam port, in the Netherlands, a container load of
AQUAFRESH branded toothpaste, bought from Kapex
International, a South African undertaking. Despite Beecham’s
initial suspicions, which resulted in the goods’ being seized by
customs, they turned out not to be counterfeit, but grey goods.
Class International claimed that the goods were not imported, but
rather were in transit and therefore should be released back to it.
The Dutch court asked the ECJ for guidance on this issue.

The ECJ interpreted the relevant provisions of Articles 5 and
7 of the EC Directive. Article 5 of the EC Directive, entitled
“Rights conferred by a trade mark,” includes the following:

1. The registered trade mark shall confer on the proprietor
exclusive rights therein. The proprietor shall be entitled to

279. Class International BV v. Colgate-Palmolive Company, Unilever NV, SmithKline
Beecham plc & Beecham Group plc, Case C-405/03 (ECJ, October 18, 2005).
prevent all third parties not having his consent from using in the course of trade:

a. any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

3. The following, inter alia, may be prohibited under paragraph [1] . . . :

b. offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

c. importing . . . the goods under the sign. . . .

Article 7(1) of the EC Directive, entitled “Exhaustion of the rights conferred by a trade mark,” states: “The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.”

In the ECJ’s view, “Article 5(1) and (3)(c) . . . must be interpreted as meaning that a trade mark proprietor cannot oppose the mere entry into the Community, under the external transit procedure or the customs warehousing procedure, of original goods bearing that mark which had not already been put on the market in the Community previously by that proprietor or with his consent.”

Accordingly, the proprietor may market his products outside the Community without exhausting his rights within it. By making it clear that putting goods on the market outside the Community does not exhaust the proprietor’s right to oppose the importation of those goods without his consent, the Community legislature thus has allowed the trade mark proprietor to control the initial marketing in the Community of goods bearing the mark.

However, until the goods have obtained the customs status of Community goods, they cannot be regarded as having been “put on to the market in the Community,” and accordingly, the proprietor cannot enforce his EU trade mark rights against them.

However, the ECJ did add that “offering” and ‘putting on the market’ the goods within the meaning of Article 5(3)(b) . . . can include, respectively, offering and selling original goods bearing a trade mark and having the customs status of non-Community goods, when the offering is made and/or the sale is effected while
the goods are placed under the external transit procedure or the customs warehousing procedure.” Nevertheless, the trade mark proprietor may “oppose the offering or the sale of such goods [only] when it necessarily entails the putting of those goods on the market in the Community.” Furthermore, “it is for the trade mark proprietor to prove the facts which would give grounds for exercising the right of prohibition provided for in Article 5(3)(b) . . . by proving either release for free circulation of the non-Community goods bearing his mark or an offering or sale of the goods which necessarily entails their being put on the market in the Community.”

The legal reasoning given by the ECJ is logically robust. However, its judgment is likely to cause real practical difficulties for trade mark owners attempting to exercise their rights in order to legitimately keep gray goods out of the Community. In practice, many parallel importers and their suppliers are likely to utilize the customs warehousing procedures and the like to their own advantage.

FINLAND

I.B.4. Geographical Names

Ivalo is the name of a Finnish town. VDSL Systems Oy had applied to register the trademark IVALO in connection with goods and services in International Classes 9, 37, and 42. The National Board of Patents and Registration (NBPR), however, rejected the application, holding that the applied-for mark indicated geographic origin and was, therefore, non-distinctive. VDSL appealed.

The Board of Appeal of the Finnish Patent Office accepted the appeal and reversed the NBPR’s decision.280 According to the Board of Appeal, the Finnish town of Ivalo was not well known either for information technology or in connection with the goods and services of VDSL’s field of business. Therefore, the target group would not consider the mark as indicating the origin of those goods and services. Accordingly, the Board of Appeal deemed the mark distinctive, and it returned the matter to the NBPR for reexamination.

This decision is significant in that a geographical name as such is not a non-registrable mark but attention has to be paid to whether the mark and the environment have some form of connection to each other.

I.B.5. Personal Names

The NBPR and its Board of Appeal rejected the application by E.I. Du Pont de Nemours and Company for registration of the trademark DUPONT, covering goods and services in 29 different International Classes.\(^2\)

The Board of Appeal deemed that the applied-for mark was a surname in use in Finland and that the applicant had no rights in such name. It held that Du Pont did not show that its trademark had become so well established that it could no longer be understood to be somebody’s surname. Therefore, the Board of Appeal ruled, the DUPONT mark could be considered to be somebody else’s name.

DUPONT is a fairly old trademark and is known to some extent by the Finnish public. However, as the objection raised by the NBPR and the Board of Appeal concerns a surname, a considerable amount of evidence showing extensive and prolonged use of the DUPONT mark will be required in order to prove that the mark has acquired a secondary meaning, even though there may be only a few people in Finland whose surname is Dupont.

The Supreme Administrative Court overturned the decisions of the NBPR and its Board of Appeal, which had rejected the extension into Finland of the international trademark MATISSE by Stora Enso Publication Paper GmbH & Co.\(^2\)

Citing Finnish Trademark Law,\(^2\) the NBPR deemed that the International Registration\(^2\) was not valid in Finland. The mark gave the impression of its being a person’s surname. According to the NBPR, the word MATISSET referred to the French painter Henri Matisse.

The Board of Appeal affirmed. It deemed that Matisse (who died in 1954) could not be viewed as having been dead long enough for his name to be available for registration.

The Supreme Administrative Court reversed, and returned the matter to the NBPR for reexamination. Although it shared the Board of Appeal’s view that Matisse had not been dead for a sufficient time that any rights in his well-known name did not have to be considered, the Court concluded that, despite his being a known artist in Finland, Henri Matisse could not be viewed as belonging to the group of famous artists known by the general public. Therefore, Matisse could not be considered so famous that Finnish consumers would associate products bearing the

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283. Trademark Law, Article 14, Subparagraph 1, Section 4.
284. Registration No. 716826.
trademark MATISSET specifically with him. The letter T appended to the end of the mark made it visually different from Henri Matisse’s surname. Further, the trademark could be deemed to be a compound word composed of the prefix MATIS and the suffix SET; the Court noted that the suffix, which has a specific meaning in Swedish and English, was commonly used as the latter part of trademarks and trade names.

Even very small details, such as the added final letter T in this case, can differentiate a trademark from a surname. The main point in the Supreme Administrative Court’s decision, however, seems to be that Henri Matisse is not well known enough in Finland for his name to warrant protection.

**I.B.8.b. Similarity of Goods/Services**

The Board of Appeal of the Finnish Patent Office rejected the appeal filed by General Motors Corporation against the decision of the NBPR, which had rejected General Motors’ application for registration of the trademark VENTURE, covering goods in International Class 12. The NBPR had deemed the applied-for mark to be confusingly similar to the prior-registered trademark VENTURE, covering the same and similar goods (snow vehicles).

In its appeal, the applicant limited the list of goods to “motor vehicles, their parts and fittings, excluding snowmobiles, their parts and fittings.” Despite this limiting language, the Board of Appeal determined that the goods that General Motors sought to cover were the same as or similar to the goods covered by the earlier-registered mark, and it rejected the appeal. As the marks were identical, a negative restriction in the list of goods was not enough.

**I.B.9.a. No Similarity of Marks**

The Supreme Administrative Court upheld the decisions rejecting the opposition filed by Anheuser-Busch Inc. against the application for registration of the figurative mark BUDĚJOVICKÝ BUDVAR, for beer in International Class 32, in the name of Budweiser Budvar National Corporation. According to the NBPR and the Board of Appeal, the opponent’s registered trademarks BUDWEISER, BUDWEISER KING OF BEERS, BUD, and BUD LIGHT had indeed been registered for the same goods, but the applicant’s mark could not as a whole be considered confusingly similar to the opponent’s marks.

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In the Court’s opinion, consideration of the likelihood of confusion between the applicant’s mark and the opponent’s marks should be based on the form in which the mark was entered in the trademark register. The fact that, in practice, other variations of the trademark might eventually exist or that the marketing of the products the trademark was intended for might eventually be misleading could not be taken into consideration within the scope of the registration process.

The opponent cited research it had conducted that showed that its registered trademarks including the word BUDWEISER could be deemed well known among beer consumers and, therefore, enjoyed extensive protection in an assessment of likelihood of confusion. According to the application filed by Budweiser Budvar National Corporation, the applied-for mark differed as a whole, both visually and phonetically, so clearly from Anheuser-Busch’s BUDWEISER marks that confusing similarity could not be considered to exist even if the above-mentioned extensive protection were taken into consideration. The overall visual impression of the application consisted of the device element and the stylized text, which was not similar to the font used in the opposer’s marks. The prefix BUD-, in the words BUDĚJOVICKÝ and BUDVAR, in the applied-for mark did not appear to be an essential, dominating element in the overall impression. Therefore, the applicant argued, it was not likely that the Finnish consumer would associate the trademarks together.

The Supreme Administrative Court upheld the decisions of the NBPR and the Board of Appeal.

This matter had been pending for a long time. Therefore, the final decision of the Supreme Administrative Court was important in that it clarified the rights of both parties based on Finnish Trademark Law.

The NBPR rejected the opposition filed by Valio Oy against Unilever N.V.’s registration for the trademark MAGNUM CLASSIC & Device. The opposition was based on Articles 6 and 14 of Finnish Trademark Law. In Unilever’s device mark, the word MAGNUM was dominant. The word CLASSIC was written in very small letters beneath MAGNUM and gave the impression that it was a description of the type of product. Unilever’s registration disclaimed the word CLASSIC and covered ice cream and other goods in Class 30. Valio Oy owned a trademark registration for the word mark CLASSIC and at the time of its registration had proven acquired distinctiveness through use. The NBPR held that the opponent failed to provide evidence, in accordance with Article 6, Subparagraph 2 of the Trademark Law, of the reputation of its

287. Registration No. 216550.
registered trademark CLASSIC\textsuperscript{288} in Finland. The NBPR held that the depth of protection accorded the registration belonging to Valio Oy extended only to the word CLASSIC itself and could not be used to prevent other parties from using the word in connection with their own marks. In other words, the marks could not be viewed as being confusingly similar overall, despite the fact that they covered the same goods.

On appeal, the Board of Appeal of the Finnish Patent Office confirmed the NBPR’s decision. It held that the dominant and distinctive component of the device mark MAGNUM CLASSIC was the word MAGNUM; the word CLASSIC was simply descriptive of the product. The word MAGNUM in Unilever’s mark differed both visually and phonetically from Valio Oy’s word mark CLASSIC.

The Supreme Administrative Court rejected the appeal filed by Valio Oy and upheld the decisions of the NBPR and the Board of Appeal.\textsuperscript{289}

This decision confirmed the very weak position of a descriptive word, even when it had been registered, owing to considerable evidence of use. Adding a new distinctive element—in this case, the word MAGNUM—created a new trademark, MAGNUM CLASSIC, which was sufficiently different from the single word CLASSIC to allow registration.

\textit{I.B.22. Distinctiveness}

The Supreme Administrative Court upheld the decisions of the NBPR and its Board of Appeal, which had rejected the application by Ingman Foods Oy Ab for registration of the figurative mark TOFU ICE, for goods in International Classes 29 and 30.\textsuperscript{290} The NBPR had rejected the application on the grounds that the text included in the trademark was non-distinctive and the applicant was not willing to accept a disclaimer for the words TOFU ICE.

The Board of Appeal rejected Ingman Foods’ appeal. It agreed with the NBPR that the text TOFU ICE lacked distinctiveness, and it held that the applicant had not provided evidence to support its argument that the mark had obtained distinctiveness through use. In addition, the Board of Appeal did not accept Ingman Foods’ suggestion to delete the goods in Class 29 and to limit the coverage of Class 30 goods to soy-based ice creams, because the company did not show that the mark had become distinctive through use for soy-based ice creams either.

On further appeal, the Supreme Administrative Court confirmed the Board of Appeal’s decision. The Court found that,

\textsuperscript{288}. Registration No. 204265.
\textsuperscript{289}. Supreme Administrative Court, Case No. 2017/3/03, November 12, 2004.
\textsuperscript{290}. Supreme Administrative Court, Case No. 143/3/02, August 19, 2003.
based on the evidence given, the word combination TOFU ICE meant soy ice cream, one of the goods covered by the trademark application. The expression was, thus, descriptive and non-distinctive. Furthermore, the applied-for mark had not been used widely or long enough that the words TOFU ICE had gained distinctiveness through use, considering their strongly descriptive nature.

This case is an example of how a foreign word has become a part of everyday speech and the Finnish language. The Finnish Trademark Office has accepted trademarks containing the word TOFU into the trademark register. However, all of these registrations include a disclaimer for the word.

The Board of Appeal of the Finnish Patent Office reversed the decision of the NBPR, which had rejected the application by Fidia Farmaceutici S.p.A. for registration of the trademark WET, for “rhinological products, nose spray and nose gel” in Class 5, on the ground that the mark was non-distinctive.\(^\text{291}\)

In the opinion of the Board of Appeal, the word WET was not associated with the goods in question in normal speech; their qualities were described with other words. The same was true in the English language. The Board of Appeal considered the mark to be distinctive. Accordingly, it returned the matter to the NBPR for reexamination.

Languages taken into consideration by the NBPR when conducting searches include Finnish, Swedish, English, and some other commonly used languages. The English word WET can be associated with the nose—for example, a runny nose; however, it would not normally be used to describe such a nasal condition. The use of a word in normal speech is deemed a dominant factor in a consideration of distinctiveness.

The Board of Appeal of the Finnish Patent Office annulled the decision of the NBPR rejecting the application by Hachette Filipacchi Presse for registration of the trademark PREMIERE, covering goods and services in Classes 16, 35, 38, 41, and 42.\(^\text{292}\)

The NBPR had rejected the application as non-distinctive, because the mark indicated the nature, quality, and purpose of use of the applied-for goods and services. The applicant filed an appeal against the decision and restricted the list of goods and services to include only “printed matter; magazines and journals, printed publications; newspapers; brochures; albums; calendars and books” in Class 16.

\(^{291}\) Board of Appeal, National Board of Patents and Registration, Case No. 2001/T/194, October 8, 2003.

\(^{292}\) Board of Appeal, National Board of Patents and Registration, Case No. 2001/T/161, September 20, 2003.
The Board of Appeal returned the matter to the NBPR for reexamination. In the Board of Appeal’s opinion, the mark was distinctive. Because the word PREMIERE has many different meanings in languages that are known in Finland (e.g., in English, it may mean “first performance,” “opening night,” or “first public performance”), the mark could not be considered merely to describe the quality, nature, and purpose of use of the applied-for goods, but could be deemed suggestive. In addition, the restriction of the list of goods had an effect in this case.

The Board of Appeal of the Finnish Patent Office reversed the decision of the NBPR, which had rejected the application by Furna Ab for registration of the trademark NEW FACE, covering goods in Class 25, on the basis that the mark lacked distinctiveness.293 In the opinion of the Board of Appeal, the meaning of the applied-for mark could be understood in many different ways. The mark could not, therefore, be considered solely to indicate the nature of the goods to be covered, but could be deemed suggestive. Thus, the Board of Appeal held, the mark should be considered distinctive. The Board of Appeal returned the matter to the NBPR for reexamination.

When the NBPR considers the distinctiveness and descriptiveness of a trademark or a word in a trademark, the important and decisive factor is the number of different meanings a word has. If the word has several meanings other than the one that could be considered to describe the goods to be covered by the applied-for mark, it cannot be directly deemed non-distinctive; the other meanings should be taken into account as well.

The Board of Appeal of the Finnish Patent Office reversed the decision of the NBPR, which had rejected the extension into Finland of the international trademark CIEN, for goods in International Classes 3, 5, and 16, by Lidl Stiftung & Co. KG.294 The NBPR had deemed the registration non-distinctive for the goods covered by the International Registration, as the word CIEN, which in Spanish means “hundred,” could indicate the quality and quantity of the goods.

The Board of Appeal returned the matter to the NBPR for reexamination. It noted that the International Registration was for a word mark, which was composed of one word, CIEN. Being a Spanish word, CIEN was not so commonly known in Finland that it could be considered to describe the goods covered by the registration, and thus there was no need to keep the word

available for use by all. The Board of Appeal deemed the International Registration to be distinctive.

As the distinctiveness of a word is to be decided on a case-by-case basis, this decision may influence future cases where the determination of the distinctiveness or lack thereof of a foreign word is at issue, even if the word is quite common in the country of origin.

The Board of Appeal of the Finnish Patent Office annulled the NBPR’s decision rejecting the extension into Finland of the international trademark COMPACT OFFICE, for goods in Class 9, by High Technology Systems AG.295 The NBPR had deemed the word combination non-distinctive.

On appeal, the applicant argued that the mark was distinctive, but it was willing to accept the following disclaimer: “The registration does not give sole right to the words ‘compact’ and ‘office’ separately.”

The Board of Appeal held that even if the word “compact” alone had a meaning that described quality, the word “office” did not indicate the proper and inherent purpose of the covered goods. Further, the word combination COMPACT OFFICE did not describe the purpose of these goods. Thus, the Board of Appeal deemed the mark distinctive and acceptable for registration, and it returned the matter to the NBPR for reexamination.

Practitioners should be familiar with cases where the decision of the Finnish Patent Office (i.e., the NBPR) has been overturned by the Board of Appeal, as the line between distinctive and non-distinctive varies with the fact pattern of each case.

III.L. Opposition/Cancellation Procedure

The Supreme Administrative Court upheld the decisions of the NBPR and its Board of Appeal, which had rejected the opposition filed by Astra Zeneca Ab against A/S Gea Farmaceutisk Fabrik’s registered trademark METOZOC, for “pharmaceutical preparations for the treatment of cardiovascular diseases and disorders” in International Class 5.296 The mark at issue was held to be not confusingly similar to the opponent’s marks SELOCOMP ZOC and ZOC.

Like the trademark METOZOC, the trademarks of the opponent mentioned in the opposition are protected for medicines. However, the Supreme Administrative Court ruled that the common element in the marks under consideration, ZOC, did not necessarily create a likelihood of confusion, as the Finnish

296. Supreme Administrative Court, Case No. 918/3/02, August 19, 2003.
trademark register contained other registrations, in the name of other companies, that include the letter combination ZOC (e.g., ZIPZOC).

It should be noted that the applications for registration for both of the opponent's trademarks, SELOCOMP ZOC and ZOC, were pending at the time when the registration application for the trademark METOZOC was filed. The evidence provided by the opponent did not show that the trademarks had become established for the same or similar goods during that time. Therefore, the issue of possible confusing similarity between the applied-for mark and the opponent's marks was not considered.

In order to effectively represent its arguments in an opposition action, the opponent must base the opposition on current, valid, and permanent rights; that is, the opponent's trademarks must be either registered marks or established or well-known marks. Courts cannot take such marks into account where there is the possibility that the mark may not even be registered.

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I.B. 7.b. Three-Dimensional Marks

A three-dimensional mark consisting of a short white stick divided in three parts (in order to facilitate measurement of the dosage) was registered by the pharmaceutical company Roche for its LEXOMIL drug.

After the patent protecting the active ingredient of LEXOMIL had expired, a company named Irex launched the generic drug equivalent to LEXOMIL, using the same type of white stick divided in three parts to market its generic drug.

Roche brought an action for trademark infringement against this use of its three-dimensional mark.

As a counterclaim, Irex sought the cancellation of the mark PLATINIUM, arguing that the shape of the mark was imposed by the function of the product, pursuant to Article L. 711-2 of the French Intellectual Property Code (IPC).

The Court of Appeal of Paris declared the trademark valid and rejected the counterclaim for cancellation, holding that the shape of the mark was not imposed by its function as there were several possible shapes that could deliver the active ingredient.297

The case was submitted to the Supreme Court, which, referring to the European Court of Justice's (ECJ's) decisions in Philips298 and Linde,299 reversed this decision. Even though other

shapes existed that could achieve the same technical result, that fact, the court held, could not overcome the grounds for refusal or invalidity of the mark.300

This decision is questionable, as the shape of the mark showed only utilitarian characteristics (to facilitate measuring of the dosage) and was not dependent on the function of the product (i.e., the effects of the drug).

**I.B.10. Deceptive Marks**

The company Les Bagagistes is the owner of the word mark PLATINIUM, covering fine leather goods.

Les Bagagistes brought an action for trademark infringement against the use of the expression MONT BLANC PLATINIUM by the company Mont Blanc France, for marketing fine leather goods.

As a counterclaim, Mont Blanc France sought the cancellation of the mark PLATINIUM for being deceptive.

The Court of Appeal of Paris ruled that the trademark PLATINIUM was not of such a nature as to deceive the public concerning the material (leather) of which the goods consisted. In addition, the court decided that the metallic parts of the goods were only accessories and represented minor parts of the luggage, and therefore the public could not be deceived as to the nature of the products.

The court also ruled that the PLATINIUM mark was not infringed by the use of the name MONTBLANC PLATINIUM for the product sold under said trademark, as that expression was used only in that form and was always followed by the well-known emblem of Mont Blanc, consisting of six white stars on a black circular background. The Court of Appeal held that the products of the Mont Blanc Company were identifiable and therefore there would be no likelihood of confusion among the public.301

**I.B.11.a. Copyright Protection**

L’Oréal SA sued several cosmetics companies for copyright infringement of several fragrances it had developed, claiming copyright protection for those fragrances before the Court of First Instance of Paris.

The court held that Article L. 112-2 of the IPC did not exclude, a priori, a fragrance from the creative works listed and that works of such nature that were perceived by the sense of taste, touch, and smell could constitute creative works. It compared the composition

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of a fragrance to a music score, the “composer” in this case combining his knowledge and imagination to create, with an aesthetic goal, an original fragrance. The fleeting nature of the fragrance and the fact that sensory perception is different for everyone does not affect copyright protection, as each sensory perception is differently received.

However, the court ruled that chromatographic analysis was not sufficient to determine what, in the composition of the fragrances, was the result of know-how and what was the result of the perfumer’s creativity. It therefore denied the fragrances copyright protection and rejected L’Oréal’s infringement action.302

I.B.28. Taste Marks

The French Intellectual Property Office (INPI) rejected an application for registration of a taste mark for artificial strawberry flavor. The applicant appealed the INPI’s decision.

Referring to the ECJ’s decision in Sieckmann,303 which concerned an olfactory mark, the Court of Appeal of Paris reaffirmed the conditions of validity for any mark to be distinctive by virtue of taste.304 Pursuant to Article L. 711-1 of the IPC, the mark must be capable of graphical representation, be objective and durable, and not be liable to any modification.

The Court of Appeal found that the strawberry flavor was not constant and could be subject to modification owing to the type of fruit considered or the ripeness of the fruit. It held that the indication “artificial flavor” was not sufficient to create a consistency, as several strawberry flavors exist and could be synthesized. Accordingly, the court held that the applied-for mark was devoid of any objective character, and it rejected the appeal.

III.A.1. Famous Marks

Ms. Milka B., working as a dressmaker under the trade name MILKA COUTURE, registered the domain name milka.fr and presented her activity on the related website, using a purple background. The Swiss company Kraft Foods claimed that the registration of milka.fr infringed its registered trademark MILKA

303. Case C-273/00, [2002] E.C.R. I-11737 (ECJ December 12, 2002). The ECJ ruled that Article 2 of the EEC trademarks directive (First Council Directive 89/104/EEC, December 21, 1988) must be interpreted as meaning that “a trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.”
for the products covered (i.e., chocolate confectionaries), and that the use of the purple color caused prejudice to Kraft. Kraft argued that MILKA was a notorious mark, and that it also applied to products and services not covered by the registration.

In making its decision, the Court of First Instance of Nanterre applied Article L. 713-5 of the IPC, which prohibits, with respect to a trademark that is well known, the use of the mark for goods and services that are not similar to those designated in the trademark registration.\(^{305}\) The court held that:

1. The trademark MILKA enjoyed a reputation in France; and
2. The use of the first name MILKA and the color purple constituted unjustified exploitation of the registered trademark MILKA.

The court prohibited Ms. B. from using milka.fr and ordered her to transfer the domain name to Kraft Foods.\(^{306}\)

The owner of the world-famous marks JEUX OLYMPIQUES and OLYMPIQUE brought actions for trademark infringement and unfair competition against the use of the mark OLYMPRIX for the trade activities of a supermarket chain.

The infringement action was based on Article L. 713-5 of the IPC. The Court of Appeal of Orléans held that the prohibition of Article L. 713-5 was directed against only the identical use of the trademark that enjoys a reputation. Given that the marks at issue were not identical, the court rejected the action.

However, the Court of Appeal upheld the action for unfair competition. It found that the trademark OLYMPRIX interfered with the trademarks JEUX OLYMPIQUES and OLYMPIQUE and caused prejudice to them.\(^{307}\)

### III.A.2.b. Similarity of Marks

The Spanish company Germans Server owns the Community Trade Mark ROLSTER, filed in 1996 and registered for carts. Germans Server brought an action for infringement and unfair competition against the registration of the French trademark

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\(^{305}\) Article L. 713-5 provides: “any person who uses a mark enjoying repute for goods or services that are not similar to those designated in the registration shall be liable under civil law if such use is likely to cause a prejudice to the owner of the mark or if such use constitutes unjustified exploitation of the mark.”


ROLL-STAR, filed by David and Pierrette Naud and covering carts and shopping bags. In upholding the decision of the Court of First Instance, the Court of Appeal of Paris agreed that there were visual and phonetic similarities between the two marks that were accentuated by the use of geometric signs, even if those were different in their form and quantity.

The Court of Appeal rejected the argument that there was an intellectual difference between the marks, owing to the fact that the ROLL-STAR trademark was the combination of two words, each capable of being understood by the average French consumer, whereas the ROLSTER trademark had no specific meaning. It ruled that there was trademark infringement and, further, that unfair competition was established because there was misappropriation of goodwill.

III.A.12. Lack of Distinctiveness

Société Aroli SA had registered the word mark BAMBOU for products in International Class 3, including perfume products. This company brought an action against Yves Rocher, which also markets perfumes under the name BAMBOU in a similar packaging, for trademark infringement and unfair competition. In its defense, Yves Rocher argued that Aroli's trademark was devoid of any distinctive character, and, thus, merely descriptive, because the perfume was made of, among other things, fragrance of bamboo.

The Court of First Instance of Paris held that the word BAMBOU was not the necessary, generic term to designate the perfume; however, it determined that the bamboo fragrance was the main characteristic of the perfume. Noting that bamboo was a vegetable that, according to professionals in the field of perfumes, gave off a specific fragrance, the court cancelled Aroli's trademark BAMBOU for descriptiveness.

III.A.17. Descriptive Use

Article L. 713-6 of the IPC provides that “registration of a mark shall not prevent use of the same sign or a similar sign as ... the necessary reference to state the intended purpose of the product or service, in particular as an accessory or spare part, provided no confusion exists as to its origin.”

When is a trademark necessary to indicate the intended purpose of a product or service?

The Court of Appeal of Paris gave an example of application of Article L. 713-6 in the field of pharmaceutical drugs. Beecham Group PLC was the owner of the trademark DEROXAT, covering the drugs patented by this company. After this patent expired, the company G Gam proposed a generic form of the drug invented by Beecham (i.e., a drug containing the same active ingredient as the former invented drug for which patent protection had expired). The G Gam generic drug was presented to consumers as being the generic drug for DEROXAT, that is, with direct reference to Beecham’s trademark. The Court of Appeal of Paris held that the indication of the medicine DEROXAT for a generic drug containing the same active ingredient as the DEROXAT product was necessary and did not lead to a likelihood of confusion between the medicines under consideration.311

III.A.18. Equitable Defenses

Chaussures Labelle is the owner of the French trademark LABELLE, registered for clothes and shoes. In 1999, the company commenced a cancellation action against the owner of the trademark LABEL SERIE, registered in 1991 for clothes, T-shirts, and caps, for unavailability of that mark and for deceptiveness, trademark infringement, and unfair competition.

The defendant company argued that it had been using its trademark for more than five years and that Chaussures Labelle had tolerated that use. It asked for rejection of the action based on Article L. 714-3 of the IPC.

The Court of Appeal of Versailles found that the trademark LABEL SERIE had been in constant use and that the distribution of the T-shirts—which were used as a medium of advertising—was sufficient for Chaussures Labelle to have had knowledge of that use. Accepting the defendant’s arguments, the court held that as the company had tolerated the defendant’s use of the contested trademark over a period of five years, it was barred, by virtue of Article L. 714-3, from succeeding in its claims. Therefore, the cancellation action was rejected.312

III.F.1. Forfeiture

The well-known French model Inès de la Fressange sold the trademarks bearing her name to the company IF 2, where she was


in charge of artistic direction. After she was dismissed by the company, she brought an action against IF 2 for forfeiture of the marks in question owing to their deceptive use, the trademarks being related to her name and image.

The Court of Appeal of Paris reaffirmed the distinction between the inalienability of a name identifying a person and the transferability of a name used to distinguish goods and services of one undertaking from those of another.\(^{313}\) It found that the trademarks bearing the name (either the first name or both names) of Inès de la Fressange had become so famous that they were, from the perspective of the consumer, related to the person of Inès de la Fressange. The court stated that the fact that IF 2’s products continued to be sold under those trademarks, although Inès de la Fressange was not a part of the company anymore, led to a likelihood of confusion in the consumer’s mind and to the deceptiveness of the trademarks. The Court of Appeal held that the trademarks had become deceptive as a result of the behavior of IF 2, which had dismissed the model. It therefore declared them forfeit.\(^{314}\)

**III.L. Opposition/Cancellation Procedure**

The INPI accepted an application for the registration of the trademark XBOX, for film production services. Microsoft (which owns the trademark registration in France for XBOX) appealed this decision before the Court of Appeal of Paris.

The court held that the film production services covered by the XBOX mark were similar to the video games services covered by the trademark registered by Microsoft.\(^{315}\) It determined that the services were complementary, as they had the same nature (audiovisual and entertainment works), were commercialized in the same department, and were directed to the same (young) public.

This decision is questionable, as the Court of Appeal focused on the products (films and video games), whereas the opposition was directed against services.

**V. Internet Issues**

A search engine’s offering to its customers keywords consisting of registered trademarks, permitting the creation of commercial

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links in relation to the user's query, was held to constitute trademark infringement.

The search engine GOOGLE had been the subject of several judgements by French jurisdictions.

The first case was decided by the Court of First Instance of Nanterre, which held that the referencing and offering of the trademarks BOURSE DES VOLS and BOURSE DES VOYAGES by the GOOGLE search engine to permit its customers to publish online their advertisement or advertising links in relation to the registered trademarks, was trademark infringement. The court ruled that infringement by imitation was established, as confusion in the public's mind existed in the same way. The Court of Appeal of Versailles recently upheld this decision.

The Court of First Instance of Nanterre reaffirmed its position in upholding a claim against Google for trademark infringement of the trademark EUROCHALLENGES. In this case, the court applied the provisions of Article L. 713-2 of the IPC, prohibiting the identical use of a trademark. This decision is controversial, as the trademarks in question were figurative marks and, thus, the use was not identical. The means of trademark imitation would have been more in accordance with that considered by the ECJ in LTJ Diffusion.

The Court of First Instance of Paris ruled that the trademarks VUITTON, LOUIS VUITTON, and LV were infringed by their use as keywords in Google's advertising system. It held that there was trademark imitation. The court also applied the means of misleading advertising, as a query containing the trademarks led to an advertisement related to fake LOUIS VUITTON products.

Similarly, the search engine OVERTURE, which also offered such a referencing system, was sued by the company Accor. The Court of First Instance of Nanterre concluded, on the same basis...
(Article L. 713-2 of the IPC), that trademark infringement had occurred.321

V.A. Domain Names

Since 1994, the French firm Ferrari & Cie has been the proprietor of the mark 3617 ADJUDIC, used as a code for minitels (a small terminal, connected to a telephone line and used to consult data banks). That code gives access to the list and results of auctions of goods ordered to be sold by the Court of Paris. On March 30, 1999, the French company Anakine Communication registered the domain name www.adjudic.com. The trademark ADJUDIC was registered by September 21, 1999, in the name of Ferrari & Cie.

Ferrari brought an action on grounds of both trademark infringement and unfair competition against the registration of www.adjudic.com. The Court of Appeal of Paris, upholding the decision of the Court of First Instance,322 ruled that there was no trademark infringement because the sign used as a code for minitels was not an earlier right that the plaintiff could assert against registration of the domain name. The court also held that there was no evidence of likelihood of confusion between the trademark and the domain name that could be detrimental to the plaintiff’s activities. Therefore, it rejected the unfair competition claim.323

The French company Sept, active in the hotel field under the trade name L’HÔTELLERIE, has published a newspaper, also titled L’hôtellerie, since 1923. This newspaper, which is well known by professionals in that field of activity, provides information related to the hotel trade.

In 1997, Sept registered the domain name www.lhotellerie.fr to publish its well-known newspaper. In 2000, the domain name www.hotellerie.fr was registered by the French company Bur-Gest, which also used the trade name L’HÔTELLERIE on its website to provide information concerning development of its activities, also in the hotel trade, in the geographical areas of Nantes and Ile d’Oléron.

Sept initiated an action against Bur-Gest, claiming a risk of confusion between both domain names and the illicit misappropriation of its trade name. It requested the cancellation of

Bur-Gest’s registration of its domain name. The Court of Appeal of Paris, upholding the decision of the Court of First Instance, found that the reputation of the newspaper *L'hôtellerie* had established Sept’s rights to the domain name. Accordingly, the Court of Appeal held that Bur-Gest’s use of the trade name L’HÔTELLERIE on its website was of such a nature as to cause consumers to associate the website with Sept and to create a likelihood of confusion because of the identical field of activity of both companies.

The company Le Helley ran a real estate agency in Rennes (a town in Brittany) under the name Rennesimmo. A competitor company, BVI, registered the domain name www.rennesimmo.com. The Supreme Court held that the use of a domain name that included the trade name of a competitor caused prejudice to the function of identifying the trade name and constituted unfair competition.

**GERMANY**

**III.A.5. Fair Use**

The Federal Supreme Court has extended the possibilities of using someone else’s mark for advertising one’s own accessory articles. In *Aluminum Wheels*, the Court had to decide whether an independent manufacturer of aluminum wheels for cars was allowed to display a Porsche 911 automobile visibly marked with the well-known PORSCHE-SHIELD trademark and equipped with the manufacturer’s accessory wheels.

The Court permitted this use of the Porsche mark under one of the statutory limitations on trademark protection, namely, the permissible indication of the purpose of the advertised product, in particular as accessory or spare part.

The lower courts had objected to the display of the full-sized Porsche automobile, and would have allowed the displaying of the defendant’s wheels only in pictures showing sections of the car. The Federal Supreme Court ruled that this restriction was too narrow. It held that the independent manufacturer had a right to

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328. German Trademark Act, § 23(3).
display fully the aesthetic effect its wheels would have when mounted on the car.

III.B.6. Configuration of Goods

In *Russisches Schaumgebäck*, the Federal Supreme Court again confirmed that the trial courts are bound to protect registered marks and cannot deny distinctiveness.

The plaintiff's mark was a three-dimensional representation of a traditional pastry, which had been made for a long time in Russia and in other countries of the former USSR. From there, this pastry had been exported to Germany. The Court denied claims for injunction against the sale of identical goods. It acknowledged that although the mark might be sufficiently distinctive (as the German Patent and Trademark Office had established), the consumer would not recognize an indication as to origin in the shape of the defendant's products.

Practically speaking, this decision undermines the principle of trial courts' being bound to protect a mark established by registration. Although the Federal Supreme Court did not question this principle, it dismissed the claim of infringement for the registered mark with the undermining argument of lack of use in the trademark sense. Thus, almost paradoxically, the Court reached the same result as it would have had it been able to deny the protectability of the mark to begin with. Moreover, the Court assumed that the plaintiff's three-dimensional mark was registered only to exclude other companies from importing like goods into Germany. Reliance on such a mark is abusive, and therefore violates Section 4(10) of the new German Act Against Unfair Competition.

III.B.7. Color

With the decision in *Lila-Schokolade* ("violet chocolate"), the Federal Supreme Court confirmed that the trial courts are bound to the trademark protection established by the Patent and Trademark Office in cases of color marks where the color shade can be established only with certain tolerances.

When registration of the plaintiff's color mark “violet” was applied for, only a specimen displaying the color was filed. No reference to one of the recognized color classification systems was made, as the European Court of Justice had required in its decision in *Libertel*. The filing of a color specimen still suffices,
according to the German Federal Supreme Court, when (1) tolerances are undisputed, (2) the plaintiff’s mark has been registered on the basis of secondary meaning, and (3) the mark also has a particularly high degree of distinctiveness. Danger of confusion with the violet packaging of similar goods was established, because the colors did not differ significantly.

The Federal Supreme Court, referring to its decision in Farbmarkenverletzung I, reiterated that the consumer generally will recognize colors as trademark use only exceptionally. The defendant’s pastry was sold in violet packaging, which did not display any other distinctive marks that would have neutralized the identification as to product source that the color evoked.

In a further decision, Lila-Postkarte, the Federal Supreme Court assumed use as a trademark of the color violet on a postcard, because the consumer would establish a mental link between the extremely well known color violet for chocolate. Still, claims based on an alleged infringement of the well-known color mark were denied, because the advantage the defendant took of the reputation of the plaintiff’s mark and the inhibition of its distinctive character were not unfair.

The violet postcards made reference to the plaintiff’s mascot (a violet cow) in an original and funny way. The defendant therefore could invoke the constitutional freedom of art, because the funny character of the postcard would not have been recognizable absent the allusion to the plaintiff’s mark.

GREECE

I.B.3. Not Merely Descriptive Terms

The U.S. company Johnson & Johnson filed an application for registration of the trademark SPECIALIST, to cover casting plaster and cast padding in International Class 5 and surgical instruments used to place knee and hip implants and orthopedic braces and supports in Class 10.

The Administrative Trademark Committee rejected the application on the ground that the word “specialist” lacked distinguishing character as it had become very common in daily usage in Greece.

Upon recourse, the Athens Administrative Court of First Instance reversed the Committee's decision and accepted the trademark for registration.\textsuperscript{335} It held that although the Greek public might have come to understand “specialist” as meaning “a person who has specific knowledge in a particular field,” the word was not descriptive of the goods covered by the trademark under consideration, as it did not describe a particular good, or a kind or quality of good. The court further held that although the word, in its Greek form “spessialistas,” was commonly used to characterize various practitioners, it did not apply to a specific group of practitioners and, thus, still had distinguishing ability.

The Belgian company Etablissements Delhaize Freres et Cie “Le Lion” SA filed an appeal\textsuperscript{336} against the decision issued by the Athens Administrative Court of First Instance,\textsuperscript{337} which had affirmed the Administrative Trademark Committee’s rejection of the company’s application for registration of the trademark PLUS. The Committee had determined that the mark lacked distinguishing character because the word “plus” had become commonplace in everyday language and business practice as a way to assert the superiority of one product over another.\textsuperscript{338}

The Athens Administrative Court of Appeals granted Delhaize’s appeal and reversed the court of first instance’s decision, finding that the mark PLUS was sufficiently distinct and had distinguishing ability.\textsuperscript{339} The appellate court’s rationale was that the word “plus,” although used quite often in colloquial Greek discourse nowadays, did not constitute the necessary name of the products and services it aimed to distinguish (magnetic personal cards, banking services, financial services, etc.) and did not describe the qualifications or elements thereof. As it had not been connected with the aforementioned products and services, “plus” did not constitute a description of them, and therefore did not lack the necessary distinguishing ability.

\textit{I.B.8.a. Similarity of Marks}

The Greek company Diafimistiki Ekdotiki Eteria A.E. applied to register a word mark with device. The word portion of the

\textsuperscript{335} Athens Administrative Court of First Instance, Decision No. 8176/2003, issued June 30, 2003.


\textsuperscript{337} Athens Administrative Court of First Instance, Decision No. 2245/2002, issued May 13, 2002.


\textsuperscript{339} Athens Administrative Court of Appeals, Decision No. 1581/2004, issued April 30, 2004.
trademark was the block letters SPR. To the right of SPR was a large black frame containing 12 stars. Under the frame there was a parallelogram, and under this figure appeared a large letter S in special script containing the letters PR in smaller blocks, as well as the word EUROCARD, also in Latin block characters. (See below.) The application covered services related to advertising and financial affairs in general, in International Classes 35 and 36. It was accepted by the Administrative Trademark Committee.\textsuperscript{340}

![SPR EUROCARD](image)

The Belgian corporation Europay International SA, which has since changed its name to Mastercard Europe, filed an opposition on the basis of its prior trademark registration for EUROCARD, covering travelers’ checks and credit cards in Class 16. The Committee rejected the opposition.\textsuperscript{341}

Upon recourse filed by Mastercard Europe, the Athens Administrative Court of First Instance reversed the decision of the Committee and rejected the opposed mark.\textsuperscript{342} The court took into consideration the fact that the word EUROCARD in the opposed trademark was identical to Mastercard Europe’s trademark and was written in a similar script. It found that the differentiation caused by the addition of the letters SPR and the device to the word EUROCARD was not substantial in view of the similar overall visual and phonetic impression given by the two trademarks under comparison, and thus the opposed trademark was likely to cause confusion among consumers. The court further concluded that, in view of the fact that Mastercard Europe’s trademark was famous (the company owned various registrations for the trademark EUROCARD in different countries, and as a result of its extensive use in Greece and many other countries the mark had become well known to both Greek and international consumers), the filing of the trademark registration application for SPR EUROCARD & Device contravened good faith.

\textsuperscript{340} Administrative Trademark Committee, Decision No. 5153/1994.

\textsuperscript{341} Administrative Trademark Committee, Decision No. 5175/1997, issued August 29, 1997.

\textsuperscript{342} Athens Administrative Court of First Instance, Decision No. 14194/2003, issued November 24, 2003.
A Greek individual, M. Maroulides, applied to register the word marks DANKEN, DANTYR, and DAN BEST, to cover goods relating to cheese in Class 29. The Administrative Trademark Committee accepted the applications.\textsuperscript{343} The French firm Compagnie Gervais Danone filed oppositions, based on Danone’s prior-registered trademarks DANAO, DANONE, and DANY, covering goods in Class 29. The Committee rejected the oppositions on the ground that the opposed marks were sufficiently different from the opposing ones, and therefore would not pose a risk of confusion of consumers.\textsuperscript{344}

Upon recourse, the Athens Administrative Court of First Instance reversed the decision of the Committee and rejected the opposed marks.\textsuperscript{345} The court took into consideration the fact that the prefix DAN-, which was used in all three opposed trademark applications, was the common prefix of the three opposing marks and also part of the opposer’s company name. Therefore, allowing the marks to proceed to registration would create a risk of confusion of the average consumer as far as the source of the covered goods was concerned, especially considering that the goods covered by the trademarks under comparison were identical.

Immuno Aktiengesellschaft A.G., an Austrian company, applied to register the word mark IMMUNINE, to cover pharmaceutical, veterinary, and sanitary preparations and plasters and materials for dressings in Class 5. The Administrative Trademark Committee accepted the application.\textsuperscript{346} The German company Boehringer Ingelheim International GmbH filed an opposition before the Committee, based on Boehringer’s prior trademark registration for IMUKIN, covering pharmaceutical, veterinary, and sanitary diet preparations for children and patients, plasters, materials for dressings, material for teeth fillings, disinfectants, dental wax, and preparations for destroying vermin in Class 5.

The Committee rejected the opposition on the grounds that (1) the opposed mark consisted of four syllables (IM-MU-NI-NE), whereas the opposing mark consisted of three syllables (I-MU-KIN), and (2) the two marks had different endings (-NINE and

\textsuperscript{343} Administrative Trademark Committee, Decision Nos. 3016/1999, 3017/1999, and 3018/1999.

\textsuperscript{344} Administrative Trademark Committee, Decision No. 8164/2000, issued June 7, 2000.

\textsuperscript{345} Athens Administrative Court of First Instance, Decision No. 587/2004, issued January 30, 2004.

\textsuperscript{346} Administrative Trademark Committee, Decision No. 17285/1993.
Thus, there was no visual and phonetic resemblance between the trademarks under comparison.\(^{347}\)

Upon recourse, the case was brought before the Athens Administrative Court of First Instance. The court reversed the decision of the Committee and rejected the opposed mark IMMUNINE.\(^{348}\) It took into consideration that (1) the trademarks under comparison had many letters in common, (2) the vowel sequence in the marks was similar, and (3) the two marks had strong visual and phonetic similarity because of their similar endings (-NIN and -KIN, respectively, the letter E in the ending -NINE not being pronounced). The court held, therefore, that there was a risk of confusion among consumers as a result of the significant phonetic and visual similarity of the two trademarks. It held, further, that the goods covered by the two trademarks were similar, which enhanced the risk of confusion of the average consumer.

A Greek individual applied to register the word mark EDWIN OCCHIALI & Device, to cover glasses and sunglasses in Class 9. The word EDWIN, in large block Latin characters, was placed above the word OCCHIALI, in smaller-sized Latin characters, with both words inside a large pentagon-shaped pocket. The application was accepted by the Administrative Trademark Committee.\(^{349}\)

The Japanese corporation Kabushiki Kaisha Edwin (Edwin Company) filed an opposition on the basis of its prior trademark registration for EDWIN, covering clothing, shoes, and slippers in Class 25. It alleged that the application for the opposed mark—whose distinguishing feature was EDWIN, as the word OCCHIALI was descriptive—had been made in bad faith in order to exploit the opposing mark’s fame, and that the mark infringed the opposer’s name.

The Committee accepted the opposition.\(^{350}\)

Upon recourse filed by the Greek individual, the Athens Administrative Court of First Instance held that the word EDWIN was the distinguishing feature of the opposed mark and that the mark was likely to cause confusion among consumers because of its close visual and phonetic similarity to the opposing mark.\(^{351}\)

Further, the court held that the clothing and footwear in Class 25


\(^{349}\) Administrative Trademark Committee, Decision No. 9621/1999.


\(^{351}\) Athens Administrative Court of First Instance, Decision No. 14969/2004, issued December 20, 2004.
covered by the opposing mark had become famous among consumers, and that despite the fact that the opposed mark covered different goods in Class 9, it was likely to cause confusion as to the company of origin thereof. The court confirmed the decision of the Committee and did not allow the trademark EDWIN OCCHIALI to proceed to registration.

The Administrative Trademark Committee accepted the application of the Greek company Indoakzis Hellas for registration of the trademark ΤΡΕΛΟΣ ΤΑΥΡΟΣ FULL ENERGY DRINK & Device (the Greek words meaning “crazy bull”), covering nonalcoholic beverages in Class 32. The word portion of the trademark was in red, and the device consisted of a bull that appeared as if it were in a position to attack. The background of the trademark was in blue and silver.

The Austrian company Red Bull GmbH filed an opposition against the application on the basis of its prior international trademark registration for CRAZY BULL, as well as its various prior international, European Community, and Greek trademark registrations comprising, inter alia, the words RED BULL and bull device. Red Bull GmbH alleged that (1) the word portion of the opposed mark was an exact translation of its registered trademark CRAZY BULL; (2) the bull device used by Indoakzis Hellas was similar to the bull devices of its own marks, some of which consisted only of bull devices; and (3) the opposed mark used exactly the same blue-and-silver-colored background used in its marks.

The Committee held that the visual impression given by the trademarks under comparison—namely, the use of colors, the layout, and the size of the packaging of the covered goods—was similar. It held, further, that the English translation of the Greek word ΤΑΥΡΟΣ, which was used in the opposed mark, is “bull,” and that said word was the dominating feature of the word portion of the opposed mark. Therefore, the Committee concluded that the overall impression given by the two trademarks was similar, and they were likely to cause confusion among consumers as far as the origin of the goods from a certain company was concerned. Accordingly, the Committee upheld the opposition.

I.B.9.a. No Similarity of Marks

Yves Saint Laurent Parfums (YSL) applied to register the trademark NUIT INTENSE, to cover (after restriction) night cremes for skin care in International Class 3. The application was

rejected by the Administrative Trademark Committee on the ground that the applied-for mark resembled the prior registration for the trademark NOIR INTENSE in the name of Butress B.V., covering goods in Class 3.\textsuperscript{354}

Upon recourse, the Athens Administrative Court of First Instance held that the two trademarks were sufficiently different because they differed in their first word (NUIT vs. NOIR).\textsuperscript{355} It concluded that the global visual, phonetic, and conceptual impression conveyed by the marks was different, and hence they were not likely to cause confusion among consumers with respect to the origin of the goods covered. The court therefore accepted the trademark NUIT INTENSE for registration.

Redskins, a French company, applied to register the trademark REDSKINS & Device—a circle underneath the word REDSKINS with two horizontal lines on the left and right side—to cover goods in Classes 16 and 18 and apparel, shoes, slippers, hats, gloves in Class 25. The Administrative Trademark Committee accepted the application.\textsuperscript{356}

The Greek company Fashion Jeans EPE filed an opposition against the acceptance of the trademark application for REDSKINS. The opposition was based on the company’s prior-registered trademark ROO 7795 REDSKINS ISSUED BY AUTHORITY OF REDSKINS BASIC UNITED GARMENT REGISTERED 5909 TRADE MARK & Device—a diamond-shaped frame containing an American Indian’s head, covering ready-made apparel, jeans, and casual jackets in Class 25.

The Committee partially upheld the opposition on the ground that the opposed mark was confusingly similar to the trademark owned by the Greek company.\textsuperscript{357}

Upon recourse, the Athens Administrative Court of First Instance affirmed the decision of the Committee.\textsuperscript{358} Redskins appealed.\textsuperscript{359}

The Athens Administrative Court of Appeals reversed the previous decisions and held that there was no risk of confusion because of the significant phonetic and visual dissimilarity of the


\textsuperscript{355} Athens Administrative Court of First Instance, Decision No. 16394/2003, issued December 30, 2003.

\textsuperscript{356} Administrative Trademark Committee, Decision No. 6877/1998.

\textsuperscript{357} Administrative Trademark Committee, Decision No. 4476/2000, issued May 9, 2000.

\textsuperscript{358} Athens Administrative Court of First Instance, Decision No. 3218/2003, issued March 28, 2003.

marks. The latter point stemmed mainly from the fact that the Greek company’s mark contained a large number of words and verbal as well as device elements in addition to the word REDSKINS, which sufficiently differentiated it from the mark owned by the French company.

I.B.10. Deceptive Marks

The Administrative Trademark Committee refused the application for the registration of the trademark BIOCOUNTRY on the ground that it covered goods whose means of production or preparation was unknown to the Committee, and therefore it was very likely that the average consumer would be misled by the mark. The Committee’s decision was based on the related provisions of the Greek Trademark Law, as well as on the ministerial decision relating to the EEC regulation on the organic production of agricultural products, according to which the use of the term “biological” as well as of the related terms “BIO,” “organic,” or “ecological” on labeling of agricultural products and foodstuffs that have not been produced in accordance with the provisions of the regulation is prohibited, as it might mislead consumers as to the means of production or preparation thereof.

III.A.1. Famous Marks

Fiat S.p.A., the Italian company known by its distinguishing company name Fiat, is the owner of numerous registrations for well-known trademarks, both in Greece and overseas. The company is also the proprietor of several trademarks consisting of the words ALFA ROMEO, which distinguish the famous automobile brand name.

Fiat filed a main infringement action against the Greek company Afoi Delimarou O.E., and against Mr. Ioannis Delimarou personally, because the latter had erected an ALFA ROMEO sign at the automotive service center he owned and operated. The action was filed on the ground that, inter alia, any unauthorized use by the respondents of the trademark ALFA ROMEO infringed Fiat’s numerous famous trademarks and violated the relevant provisions of the Greek Trademark Law and Unfair Competition Law.

The court of first instance upheld the plaintiff’s contentions, finding that the respondents had no affiliation or nexus with the trademark owner or any pertinent rights. It found, moreover, that they intentionally chose the ALFA ROMEO trademark in order to exploit Fiat’s goodwill and mislead the consuming public into assuming that there was some type of business nexus between Fiat and Afoi Delimarou and that the Greek company was the Italian company’s affiliate or subsidiary, authorized to perform services on Fiat’s behalf in Greece.

The court issued an order enjoining the respondents from using the words ALFA ROMEO in any manner, whether as a store sign, on their store label, or on their stationery.

Hermès International, a French company known by its distinguishing title Hermès, is the owner of numerous registrations for well-known trademarks in Greece and overseas. Hermès filed a main infringement action against an individual, Christos A. Chiliotis, who had been operating a store, in the region of ancient Olympia in Greece, with the distinguishing title Hermes; that name was also used on the store’s merchandise (clothing apparel, jewelry, etc.), which was accompanied by fake certificates of authenticity. The action was filed on the ground that, inter alia, the particular company name infringed Hermès’ own company name and numerous trademarks and violated the relevant provisions of the Greek Trademark Law and Unfair Competition Law.

The court agreed with the plaintiff, finding that the respondent had intentionally chosen the distinguishing title Hermes in order to exploit the French company’s goodwill and mislead the consuming public into assuming that there was some type of business nexus between the Greek company and the French company, and that the Greek company was the French company’s affiliate or subsidiary.

The above reasoning was further strengthened by the court’s finding that the respondent also used letterhead stationery, business cards, store signs, brochures, etc., bearing the name Hermes.

The court issued an order enjoining the respondent from using the word Hermes in its own distinguishing title, or in any combination as a distinguishing title, in any manner, on its store label or on any of its stationery. It is noteworthy that the court went even further than the trademark and company name at issue.

366. Pyrgos Multi-Member Court of First Instance, Decision No. 16/2005, issued March 1, 2005.
and ruled that not even the name “Ermis” in Greek letters, which is “Hermes” in Greek, could be used by the respondent.

**III.A.2.b. Similarity of Marks**

The British company Orange Personal Communications Services Ltd., owner of the well-known Orange company name, copyright, and trademark consisting of the word ORANGE inscribed in a square orange device, filed a Petition for Injunction against a Greek company that was founded toward the end of 2004 under the name Orange Telecom International.\(^{367}\)

Between January and February 2005, Orange Telecom International had opened several stores in the center of Athens, all of which had on their window and storefront signs with an orange logo identical to the one that had been used for over a decade on an international scale by Orange Personal Communications Services. The imitation was so exact that consumers actually started believing that the British company had entered the Greek market; indeed, travelers to Greece inquired of the company whether that was the case. As soon as Orange Personal Communications Services found out about the situation, it initiated legal action against the Greek company and its general manager.

The decision on the Petition for Injunction was rendered by the court of first instance within the record time of less than one week after arguments were heard. The court granted the petition as filed and enjoined the respondent from using the word ORANGE in any way, shape, or form, whether as a company name, a trademark, or a copyright.\(^{368}\)

**III.A.11.a. No Similarity of Marks**

The Irish corporation Champion Products, Inc. filed a cancellation petition before the Administrative Trademark Committee against the trademark registration for CHAMPION & Device, covering goods and services in International Classes 18, 20, 26, 27, 29, 30, 31, 32, 33, 35, 36, 41, and 42, owned by Promodes S.A. and assigned to the French company Carrefour. The cancellation petition was based on the Greek trademark registrations for C & Device, for goods in Class 25; IT TAKES A LITTLE MORE TO BE A CHAMPION, for goods in Class 25; CHAMPION, for goods in Classes 24 and 25; C & Device, for goods in Classes 24 and 25; C. CHAMPION, for goods in Classes 24, 25, and 28; and CHAMPION, for goods in Classes 3 and 5, and on the Community Trade Mark registrations for CHAMPION U.S.A. &


\(^{368}\) Athens Single-Member Court of First Instance, Decision No. 4128/2005, issued May 30, 2005.
Device and CHAMPION, both for goods in Classes 18 and 25, and IT TAKES A LITTLE MORE TO BE A CHAMPION, for goods in Class 25.

The Committee accepted the cancellation petition on the ground that Champion Products’ trademarks, with the distinguishing feature CHAMPION, had been circulating in the Greek market for a very long time and were very well known among consumers, and therefore had become famous marks. Consequently, the Committee held that said marks should enjoy protection against similar trademarks because of the existing risk of confusion of consumers.

Carrefour filed recourse before the Athens Administrative Court of First Instance, which reversed the decision of the Committee and rejected the cancellation petition on the following grounds: (1) the prior trademark registration for CHAMPION is in Latin capital letters and the first letter C of the other prior CHAMPION trademark registrations is in a special script, whereas Carrefour’s trademark CHAMPION is in Latin minuscule characters, in a special artistic style, and has a small device over the letter N; and (2) the prior trademark registrations cover different goods in different classes. Accordingly, the court concluded that Champion Products’ and Carrefour’s trademarks were sufficiently different despite the common word CHAMPION, and therefore there was no risk of confusion of consumers. The court did not discuss the notoriety of the prior trademark registrations because of the dissimilarity of the trademarks under comparison.

Yiotis A.E. is a Greek company that produces and distributes confectionery, pastry, chocolates, foodstuffs in general, and foods for children, in Greece as well as overseas. It owns various trademark registrations, among which is the trademark X-CITE, covering chocolate products in Class 30, filed in 1997. From 1997 until 2000, Yiotis circulated on the Greek market, under the mark X-CITE, various chocolate products, but since 2000 only praline sticks.

In 2003, Yiotis brought a main infringement action against the U.S. firm W.M. Wrigley Jr. Company, founded in 1891 in Chicago for the production of chewing gum, on the ground that Wrigley put on the Greek market a chewing gum that bore on its packaging the words “Wrigley’s X.cite.” The plaintiff alleged that the packaging infringed its well-known registered trademark and violated the

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relevant provisions of the Greek Trademark Law and Unfair Competition Law.

The court of first instance rejected the plaintiff’s contentions, finding that the use of “X.cite” on the packaging of Wrigley’s chewing gum did not pose a risk of confusion of consumers because (1) the two marks covered totally different goods and (2) the two producers’ names were visible on the products’ packagings. The packagings, themselves, were also different: “X.cite” appeared on the packaging of the chewing gum under the word “Wrigley’s” in a blue background, whereas “X-cite” appeared on the packaging of the praline sticks under the word “Yiotis” in a black-brown background.

III.B.6. Configuration of Goods

Honda Motor Company Limited, a Japanese firm, filed actions against the importers from China to Greece of benzine engines, whose configuration, shape, and placement and color of parts were almost identical to those of a particular Honda engine, type GX160. This engine is of general use, for power generators, digging equipment, etc.

In affirming pioneering decisions following three separate proceedings (two brought before the Athens and one before the Thessaloniki Court of First Instance), the courts accepted the contention advanced by Honda, in two additional proceedings on the same issue, that the particular configuration of the specific Honda engine, its shape, and the placement of its parts were sufficiently distinctive to become a distinguishing feature for Honda in Greece, and that as a consequence consumers seeing such an engine configuration immediately associated that particular engine with Honda.

The courts granted two additional main infringement actions, concerning (1) the distinctiveness of the outer shape and the shape of the parts of a benzine engine of general use marketed by Honda and (2) the confusion caused by other, similar engines that had copied, almost verbatim, the particular shape of the Honda engine, without copying the name Honda or any other name or trademark similar to that of Honda.

With this additional precedent the courts thus continued the novel notion, at least for the Greek jurisdiction, of the distinctiveness of goods based solely on their configuration, without taking into account any trademark infringement per se.

Kraft Foods Schweiz Holding AG and Kraft Foods Schweiz AG, both of which are Swiss companies, filed a main infringement action\textsuperscript{377} against the Greek companies Bingo A.E. and Agrotiki Biomihaniki Macedonias AVIM A.E. for trademark infringement and unfair competition in connection with the famous TOBLERONE chocolate configuration.

In a pioneering decision, the Athens Multi-Member Court of First Instance accepted the argument put forward by Kraft, that the particular configuration of the TOBLERONE chocolate, its characteristic shape of pyramid-like cogged protrusions in a row, although not obvious to the consumer before he or she purchases the product, is nonetheless distinctive enough to become a distinguishing feature for Kraft in Greece, and that consumers seeing such a chocolate configuration immediately associate the particular chocolate with Kraft\textsuperscript{378}.

It is noteworthy that neither the packaging nor the trademarks or trade names of the particular products were similar, though that was not the issue under review. The court, in setting new precedent for the Greek jurisdiction, went beyond the formalities of packaging and trade name and acknowledged that there could be post-purchase risk of confusion, as the consumer could not be expected to know the particular devices of the respective chocolate configurations at issue by heart, although those were, in any case, almost identical.

The court therefore granted the main infringement action concerning the distinctiveness of the outer shape and configuration found inside the packaging of the TOBLERONE chocolate, marketed by Kraft. It held that the confusion caused by the almost identical shape of the ALMONDO chocolate, despite the lack of any similarities in the trademark name or product packaging, was sufficient to constitute infringement.

This decision is of great significance, because previously there was limited Greek precedent on the issue of post-purchase risk of confusion and the distinctiveness of goods based solely on their configuration, apart from any other trademark infringement.


\textsuperscript{378} Athens Multi-Member Court of First Instance, Decision No. 1478/2005, issued March 16, 2005.
V.A. Domain Names

Following the recent successful Petition for Injunction decision on the same issue, the main infringement action and the domain name cancellation petition filed against the domain name google.gr in the name of Theofilos Sagiroglou EPE were granted.

The company Google Inc., with headquarters in California, USA, is well known, even among “mild” Internet users, as the provider of possibly the most popular search engine on the Internet.

When Google attempted to register google.gr in Greece, it discovered that this particular domain name had already been registered by another entity, of undisclosed identity. In accordance with the relevant provisions of Greek law, full confidentiality can be granted to those domain name owners that opt for it.

Consequently, Google filed a petition with the public prosecutor in order to discover the identity of the owner of the google.gr domain name. The petition was granted, and it was then revealed that a limited liability company in Thessaloniki, Theofilos Sagiroglou EPE, had registered google.gr in its name in April 2001.

Google then filed a Petition for Injunction and a main infringement action against the owner of the domain name google.gr. The Petition for Injunction was granted in 2003. The main infringement action was granted in 2005 on the ground that, although the registration of a domain name is much less complicated than a trademark registration, in light of the current reality of electronic business conduct the role of the domain name has now become similar to that of a trademark or a company name, and therefore a domain name is subject to similar legal protection.

Before bringing the main infringement action, however, Google had filed and prosecuted successfully a cancellation petition before the National Telecommunications and Post Committee concerning this particular domain name, following the alternative dispute resolution procedure (ADRP) just implemented by new administrative regulations in Greece.

The significance of the above action is that it was one of the first to be heard and granted pursuant to the relevant ADRP in place in Greece. As such, the decision leads the way as precedent for the resolution of domain name disputes following procedures akin to those adopted by WIPO or ICANN, which are more

380. National Telecommunications and Post Committee, Administrative Order No. 268/73.
381. Thessaloniki Multi-Member Court of First Instance, Decision No. 4603/2005, issued February 17, 2005.
expeditious and cost-effective than the traditional court proceedings.

GUATEMALA

I.B.2. Merely Descriptive Terms

The Registry of Intellectual Property rejected the application for registration of the trademark THE MARKETING GROUP & Design, for services in International Class 35. According to the Registry, the mark did not exhibit sufficient distinctiveness with respect to the services sought to be protected. It was composed of English words, without any additional unusual or innovative element, and therefore was descriptive of the services concerned.

The applicant appealed the Registry resolution on the basis that the applied-for trademark was registered in different countries of the world and that it was able to be registered because of its originality, novelty, specialty, and distinctiveness. Therefore, the mark could be distinguished from other trademarks, whether registered or in the process of registration.

The final resolution by the Ministry of Economy upheld the Registry's refusal of registration, concluding that the word element of the trademark, THE MARKETING GROUP, was formed from words that were in common use, and that it was a descriptive term that indicated the nature of the covered services. Specifically, the word MARKETING implied commercialization and publicity, which were part of the advertising services covered in Class 35. Therefore, the trademark did not have the ability to distinguish sufficiently the services that it was intended to protect.

I.B.8.a. Similarity of Marks

Molino Santa Ana S.A. filed an application to register the trademark HIPERCAT, to cover goods in International Class 31. Crato Properties S.A. filed an opposition against the application based on its registered trade name HIPER & Design. The opponent's argument was that if the HIPERCAT mark were registered, it might confuse customers because of the graphic and phonetic similarities of the two marks.

The Registry of Intellectual Property rejected the opposition. It found that the trademark HIPERCAT was filed to protect goods, whereas the trade name HIPER & Design was registered to cover special services. On the other hand, the Registry also considered that the graphic, phonetic, and ideological impression produced by the trademark and trade name was such that they could coexist without causing confusion among consumers.

On appeal, the Registry's resolution was rejected by the Ministry of Economy. It was considered that the trademark
HIPERCAT had enough graphic, phonetic, and ideological similarity to the trade name HIPER & Design to generate confusion among consumers. Additionally, it was pointed out that the additive word element CAT, from HIPERCAT, is a word in English and its translation in Spanish is *gato*, which is a common term and cannot be registered.

**I.B.9.a. No Similarity of Marks**

Laboratorios Pisa S.A de C.V. applied to register the trademark SOFLORAN, to cover products in International Class 5. Farmaceútica Industrial S.A. filed an opposition against the application based on its trademark registration for FLUSPORAN, also in Class 5. The opponent argued that the term submitted for registration as a trademark took over and reproduced phonetically all the elements that provided an auditory distinction to the opponent’s mark, and therefore would generate confusion and error not only among the public but even among the medical union if the trademarks were allowed to coexist in the market. It argued, further, that as the products covered were in the same class, a mistaken impression could be created of a connection between the products and their origin; that in turn could pose the risk that consumers might consider such products as substitutes and might even cause confusion with regard to the source of the products, if consumers deduced that the applied-for mark SOFLORAN was a variation of the plaintiff’s trademark FLUSPORAN.

In its resolution, the Registry of Intellectual Property determined that the SOFLORAN mark showed differences when compared with the registered trademark FLUSPORAN; therefore, the Registry held, the marks could coexist without causing confusion to the public and without any risk of association of the applied-for mark with the opposing mark. The opposition was consequently declared overruled.

Farmaceútica Industrial S.A. appealed the resolution at the Ministry of Economy. The Ministry’s resolution established that the marks could coexist without causing confusion in the Guatemalan market. There was, the Ministry held, no graphic similarity between the marks, because the prefix SOFLO- in the applicant’s mark SOFLORAN was totally different from the prefix FLUSPO- in the opponent’s trademark FLUSPORAN and only the suffixes were the same. Moreover, the marks had only some letters in common, and there was no ideological similarity in their meanings. Thus, even though both marks covered Class 5 products, they did not have enough elements in common to pose a risk of association between them.

Therefore, the Ministry of Economy confirmed the resolution issued by the Registry of Intellectual Property, and the trademark SOFLORAN was allowed to proceed to registration.
HONDURAS

I.B.8.a. Similarity of Marks

In Glaxo Group Limited v. Biogen Laboratorios de Colombia, S.A., the Highest Administrative Office reversed the decisions issued by the Honduran Trademarks Office and the Higher Administrative Office, which had dismissed the opposition filed by Glaxo Group Limited, based on its previous Honduran trademark registration for EPIVIR in International Class 5, against Biogen’s application for registration of the trademark ELFIVIR, covering goods of the same class. The decisions issued by the Trademarks Office and the Higher Administrative Office were based on the existence of several registrations owned by different entities and containing the particle VIR, such as the trademarks SOPHIVIR, RAPIVIR, ACLIVIR, ACTIVIR, and INDUVIR, and also indicated that VIR appeared to be an abbreviation of VIRUS. Therefore, it was held that no one entity should be entitled to exclusive protection over the same.

In reversing the decisions, the Highest Administrative Office held that the particular comparison between the marks was not carried out with exhaustive criteria by the said offices. The Highest Administrative Office indicated that the overall similarities between the marks EPIVIR and ELFIVIR were far greater than the similarities between EPIVIR and the other registered marks ending with VIR that were mentioned in the prior resolutions.

I.B.12. Famous Marks

In Disney Enterprises, Inc. v. Productos Lacteos El Sabor S.A., the Honduran Trademarks Office accepted Disney’s opposition to the application filed by the defendant for registration of the trademark EL SABOR & Mouse Design in International Class 29. Although Disney Enterprises does not own a registration for MICKEY MOUSE or its character design in Class 29, the Honduran Trademarks Office held that the notoriety of the character entitles the trademark to protection in all classes even if no Honduran registration has been obtained.

This resolution contradicts previous resolutions issued by the Honduran Trademarks Office that held that notoriety alone, without the existence of a previous Honduran trademark application or registration, will not provide the owner of the “notorious” mark with sufficient grounds for opposing a trademark application filed by a third party, particularly if the applied-for mark is not a copy of the notorious mark. The affected party has indicated that it is considering appealing this decision.
I.B.23. Official and Certified Marks

In Diunsa v. Honduran Olympic Committee, the Honduran Trademarks Office accepted the trademark application for OLIMPIC filed by the local company Diunsa for “sporting goods” and dismissed the opposition filed by the Honduran Olympic Committee. The decision of the Honduran Trademarks Office indicated that the denomination OLIMPIC and variations thereof such as OLIMPIA, OLIMPICO, and others did not constitute the Olympic symbol as defined by the Treaty of Nairobi.

The Honduran Olympic Committee appealed the resolution before the Highest Administrative Office, which reversed the decision issued by the Honduran Trademarks Office. The ruling of the Highest Office made reference to Olympic Charter Rules 7 and 14 and put particular emphasis on the worldwide recognition of the denomination OLIMPIC and so-called Olympic properties. In the opinion of the Highest Office, registration of the applied-for mark would increase the possibilities for deception of the general public, because consumers might think that the products or services identified by the word OLIMPIC were endorsed by the International Olympic Committee or its local organization, in this case the Honduran Olympic Committee. Diunsa is likely to file suit against the Highest Administrative Office for this resolution as Diunsa had previously owned the mark OLIMPIC, which lapsed owing to lack of renewal, and claim that the resolution violates Honduran law and does not take into account the fact that the OLIMPIC mark has been in use in the country for the last 12 years and is known to consumers.

III.F.5. Cancellation

In Columbia Sportswear Company v. Comercial Columbia S. de R.L. de C.V., the Honduran Trademarks Office issued a resolution canceling the registration of the COLUMBIA mark for goods in International Class 25, as the owner of the registration did not prove use of the mark in the Honduran territory during the last three years or had not paid the so-called rehabilitation tax to cure such nonuse. Honduran law considers a mark to be used in Honduras when the products or services identified by the mark can be found in the market in the quantity and regularity that normally correspond to similar products or services, based on the size of the Honduran market, the nature of the products or services in question, and the form in which they are usually commercialized. Lack of economic resources or insufficient demand for the products or services covered by a mark in the Honduran market will not be considered just cause for nonuse.

It is important to note that sporadic use of the mark was proven by the defendant, although the same was done by its
related entities Columbia Printing S.A. de C.V. and Industrias Columbia. Comercial Columbia S. de R.L. de C.V. has announced that it will appeal the resolution.

**HONG KONG**

**I.A.3. Licenses**

Pak Lee Fung International Investment Company Limited applied to register the trade mark GENUINE GINSENG 天字人參 in International Class 5, to cover ginseng, ginseng extracts, ginseng capsules, ginseng tea, ginseng powder, ginseng juice, and processed ginseng. The mark was a composite mark consisting of the words GENUINE GINSENG with heavenly scenes.

The mark was accepted and advertised in the Government Gazette. In a rare kind of challenge to an application, Korea Ginseng Corporation objected to the registration of the mark on the ground that the applicant had not used and/or had no intention to use the mark at the time of filing the trade mark application and that the Registrar should therefore refuse registration under Sections 13(1) and 18(1)(b) of the old Trade Mark Ordinance (the “Ordinance”).

The key issues in this case were: (1) whether the applicant had used or had an intention to use the mark at the time of filing of the trade mark application; and (2) whether the licensed use of the mark to a sister company without the filing of a registered user application could be regarded as “use” or “intention to use” by the applicant.

Pursuant to Section 13(1) of the Ordinance, a person must use or propose to use the trade mark before he is entitled to apply to register a trade mark. The onus is on the applicant to show that he or she used or intended to use the mark at the time of filing the trade mark application.

According to the evidence filed by the applicant, the applicant had licensed the right to use the mark to a sister limited company known as Pak Tai Ginseng Hong Limited (Pak Tai). The Registrar found that the mark was used solely by Pak Tai and that the applicant did not use or intend to use the mark at the time of filing of the trade mark application.

The Registrar noted that pursuant to Section 18(1)(b) of the Ordinance (now repealed), if the applicant had included Pak Tai as a “registered user” in the application, the enquiry then would become whether the applicant intended the mark to be used by Pak Tai. However, no such “registered user” application was filed by the applicant.

Further, even if Pak Tai was a “sister” company to the applicant, nothing in the applicant’s evidence suggested that the
applicant had the requisite degree of quality control over the permitted use or that the applicant held a controlling interest in Pak Tai so that quality control could be inferred.

The Registrar concluded that, even though Pak Tai may have used or may have had the intention to use the mark, the applicant could not rely on Pak Tai’s intention to use, as an unregistered licensee, as equivalent to its own. The Registrar concluded that the applicant did not use or intend to use the mark at the time of filing the trade mark application, and therefore refused the registration of the mark under Section 13(1).382

I.B.2. Merely Descriptive Terms

Kabushiki Kaisha Game Designers Studio applied to register the trade mark THE GAME DESIGNERS STUDIO, INC. for sound and audiovisual recordings, toys, stationery, computer-related products, and computer-related services in International Classes 9, 16, 28, and 41. The mark (see below) was presented in a stylized manner and in combination with accompanying artwork.

The Registrar objected to the application on the basis that the mark was devoid of any distinctive character for the goods and services relating to games. The applicant argued that the mark, when considered as a whole, was unique and novel, and it was unlikely that other traders would use a mark identical to or resembling the mark in their businesses unless with improper motive. In deciding whether the mark was devoid of any distinctive character, the Registrar applied the following test: “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?”

The Registrar considered that in assessing the distinctiveness of a mark that combines a number of elements, the mark must be regarded and considered as a whole. However, the Registrar was of the view that when assessing the impact of the whole on the public, it was proper to consider the separate integers of a mark.

The Registrar then considered the individual words in the mark. The Registrar asserted that the words GAME, DESIGNER, and STUDIO were a natural way of referring to an undertaking specializing in game designs and that those words can be used by other traders involved in such business. The Registrar therefore concluded that those words did not serve to identify the goods and services as originating from a particular undertaking.

Further, the Registrar considered the way the words were presented in the mark. The applicant argued that the way the

mark was stylized was unusual, memorable, and distinctive to the eye. However, the Registrar was of the view that the distinctiveness of a mark must be determined by reference to the goods and services in respect of which registration is sought and by reference to the presumed perception of the relevant public. The Registrar was of the view that consumers for goods and services relating to games would be accustomed to seeing packaging of colorful, attractive, and eye-catching products. Moreover, the websites for such products would be decorated in a lively and even amusing way, and the stylized version of the mark would not make the mark distinctive when viewed by such consumers.

The applicant referred to numerous registered trade marks in Hong Kong that it asserted were similar to the mark, as well as foreign registrations of the mark. The applicant argued that the Registrar should apply the same principle when examining the present application, with a view to ensuring a consistent approach in the treatment of similar cases while also giving due weight to the foreign decisions. However, the Registrar responded that each case must be considered on its own merits and not by reference to other marks that have been judged registrable on other occasions. Further, the Registrar noted that the bare fact of registration in other countries is not sufficient to establish that a sign is eligible for registration.

Finally, the applicant offered to disclaim the exclusive use of the words THE GAME DESIGNERS STUDIO. However, because the Registrar concluded that the mark was devoid of any distinctive character, the mark was barred from registration under Section 11(1)(b) of the Trade Mark Ordinance (Cap. 559), notwith standing the applicant's offer to disclaim.

L'Oreal applied to register the trade mark SO LONG for shampoos, gels, sprays, mousses and balms for hair styling and hair care, hair lacquers, hair coloring and hair decolorant preparations, permanent waving and curling preparations, and essential oils for personal use in Class 42. The mark consisted of two ordinary words, SO and LONG, presented in plain block script.

The Registrar objected under Section 9(1)(d) of the Trade Mark Ordinance (Cap. 43) that the mark was descriptive and was neither inherently adapted to distinguish nor inherently capable of distinguishing the applicant's goods from similar goods of others.

An informal discussion took place but the Registrar maintained her objection. The applicant argued that the mark SO LONG, being a colloquial term meaning "farewell, goodbye," was a fanciful expression with no direct meaning in relation to the Class

383. Unreported decision of the Registrar of Trade Marks, February 21, 2005.
42 goods for which it applied. The applicant further argued that the mark did not signify any particular character or quality of the products, so it should be considered capable of distinguishing the products.

The Registrar rejected the applicant’s argument. The Registrar relied on a number of authorities and concluded that the mark was incapable of distinguishing the goods even though the words SO LONG did not have a direct reference to the character or quality of the goods.

The Registrar noted that other traders would, in their ordinary course of business and without any improper motive, use the words SO LONG to promote the character or quality of their goods. For example, the traders would honestly wish to use the words SO LONG to promote products like gels to suggest that they maintained the stylized state of hair and could be used to indicate that the product could rid the user of undesirable conditions (e.g., “say SO LONG to dandruff”). In addition, Internet searches showed that other traders frequently used the words SO LONG to promote the quality of their products.

The Registrar concluded that because other traders were likely to use the words SO LONG as a descriptive phrase in promoting similar goods, the mark was therefore not inherently capable of distinguishing the applicant’s goods.

The applicant pointed out that the SO LONG mark was accepted for registration in the Office for Harmonization in the Internal Market (OHIM). Similar marks, such as SO YOU and NOT SO FAST, were also accepted for registration in Hong Kong. However, the Registrar did not give weight to these arguments and maintained her objection. The Registrar pointed out that the mere fact of OHIM registration does not afford a special circumstance to accept the registration of the mark. In addition, the Registrar stressed that each case must be decided on its own merits. Therefore, the Registrar refused the registration of the mark under Section 9(1)(d) of the Ordinance.

I.B.8.a. Similarity of Marks

Jebsen & Co. applied to register the trade mark JNC & Diamond Device for apparatus for reproduction, recording, and transmission of sound and/or images; television and video apparatus and instruments; projectors and projection screens; photographic, cinematographic, optical apparatus and instruments; computers, computer peripheral devices, data processing equipment, electrical, electronic, and video amusement


apparatus adapted for use with any of the aforesaid goods in International Class 9. The mark consisted of three plain English capital letters, “J,” “N,” and “C,” with a diamond device, which appeared to be about the same size as a single letter in the mark (see below).

Nippon Victor Kabushiki Kaisha objected to the registration of the mark on the basis that (1) the mark so nearly resembled its longstanding registrations for the JVC mark in Hong Kong that it was likely to deceive or cause confusion and (2) Jebsen claimed the same goods or description of goods as claimed under the JVC registrations. The JVC mark has been used worldwide since 1968 on audiovisual products like televisions and videocassette recorders. The opponent had a well-established reputation in Hong Kong by the time the applicant applied to register the JNC mark.

The key issues in this case were: (1) whether the mark so nearly resembled the opponent’s registered mark that it was likely to deceive or cause confusion; and (2) whether the goods for which the mark was sought to be registered were the same goods or description of goods as those of the opponent’s registered mark.

The Registrar noted that the onus is on the applicant to defeat the opposition by establishing that there is no reasonable likelihood of deception or confusion, without necessarily leading to passing off, if its mark is used normally and fairly on the goods claimed. The application will be refused if a number of persons will be caused to wonder whether it might not be the case that the two marks come from the same source. The tribunal must be satisfied that there is a real, tangible risk of confusion if the mark that it has sought to register is put on the register.

In comparing both trade marks, the Registrar observed that there were some aural differences between the two marks. The Registrar took the view that the public would articulate the letters individually rather than run the letters together.

Visually, the Registrar took the view that the marks were very similar because they shared the same number of letters. Further, the position of the letters J and C was the same, and there was some similarity between V and N. Although the applicant’s mark had a diamond device, the Registrar pointed out that the marks must be considered and compared as a whole, and that the device did not make a strong difference between the marks. The Registrar also considered that the general public had imperfect recollection when viewing the marks and concluded that the marks looked very similar.

There was no dispute over whether both trade marks were for the same goods or description of goods. The Registrar concluded
that both marks were used in relation to identical goods that flow through the same trade channels.

The Registrar further concluded that because both goods flowed through the same trade channels and purchasers exercise a relatively low standard of care before purchasing, there was a probability that registration of the mark would cause deception to the public.

The Registrar noted that if there is a probability of deception, there is no discretion afforded the Registrar under the provisions to allow registration. Therefore, the Registrar refused the registration of the mark.386

Oceanic Trading Company Limited applied to register the trade mark STORMTECH for clothing, footwear, headgear, outer clothing, jackets, and coats in Class 25.

The mark was accepted in Part A of the register and was advertised in the Government Gazette. Sun 99 Limited opposed the registration of the mark on the ground that the mark covered the same goods or description of goods as the opponent’s registered STORM mark and other STORM formative marks in Class 25, and it so nearly resembled the opponent’s mark that it was likely to deceive or cause confusion. The applicant did not attend the hearing.

The key issues in this case were: (1) whether the goods claimed by the applied-for mark were the same goods or description of goods as those of the opponent’s registered mark; and (2) if so, whether the mark so nearly resembled the opponent’s registered mark as to be likely to deceive or cause confusion. The test is “whether a person who sees the suit mark in the absence of the opponent’s mark, and in view only of his general recollection of what the nature of the opponent’s mark was, would be likely to be confused.”

In deciding whether there was likelihood of confusion between the applicant’s STORMTECH mark and the opponent’s STORM trade mark, the Registrar compared both marks as a whole to assess whether they were so similar as to lead to confusion when the applicant used its mark in a normal and fair manner. Although the STORM mark and the STORMTECH mark were not identical, the Registrar took the view that the applied-for mark’s suffix TECH was meaningless and that the shared element STORM rendered the mark deceptively similar to the opponent’s mark.

Further, the Registrar considered the goods in question, the nature and kind of customer who would be likely to buy those goods, and the surrounding circumstances of trade. The Registrar concluded that the likely purchasers of the goods in question were

the members of the general public because the goods claimed were everyday consumer products, and that the public would exercise only average care in the selection process. Owing to the limited evidence filed on the trade channels for the applicant’s goods, the Registrar assumed that both parties’ goods were sold through similar trade outlets to the same customers.

The Registrar had no doubt in finding that the applicant intended to use the mark to sell the same description of goods as those to which the opponent was currently applying its mark.

Taking into account that there was a significant degree of overlap between the Class 25 goods, included with the facts that the customers and the trade channels were the same, the Registrar concluded that the general public was likely to perceive the applicant’s STORMTECH mark as being related to the opponent’s STORM mark.

The Registrar also considered the applicant’s defense of honest concurrent use. The applicant argued that it had already used the mark in Hong Kong for over five years. The Registrar rejected the applicant’s argument because the applicant submitted only four invoices as evidence of sales, the value of which was almost negligible and fell far short of the level required to establish honest concurrent use. Therefore, the Registrar concluded that there was a reasonable likelihood of confusion and refused the application for the STORMTECH mark.

The applicant also applied to register the mark for leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and traveling bags; umbrellas, parasols, and walking sticks; and whips, harness, and saddlery in Class 18. This was the subject of a separate opposition by the same opponent, but they were both heard together and separate decisions were issued. The opponent relied on a prior registration in Class 18 in Hong Kong for the STORM mark and also pleaded that it enjoyed extensive evidence of use of the STORM mark on bags and other items in Class 18. The Registrar noted that the opponent’s evidence of use was “highly ambiguous and unsatisfactory.” There was no information on why the applicant’s agent had not carefully reviewed the opponent’s evidence of use. The Registrar’s observations highlight the need to be very careful in preparing evidence and critiquing the respondent’s evidence. While the overall result in the case would not have changed, as the opponent could and did effectively rely on its prior registration in Class 18, the opposition based on prior use could well have been different if the evidence had been fully challenged. In that event, there would have been a reasonable argument that the opponent should not be entitled to all its costs.

Kingstar International Trading Limited applied to register the trade mark PHYTOWHITE (script) for Class 3 cosmetics and perfumes, all being made of plants or vegetal extracts and all for whitening the skin (see below).

Phytowhite

The mark was accepted in Part B of the register and was advertised in the Government Gazette. C.F.E.B. Sisley objected to registration of the mark on the basis that use of the mark would likely deceive or cause confusion, or would not be entitled to protection in a court of justice under Section 12(1) of the old Trade Mark Ordinance (Cap. 43). The opponent also argued that the applicant had acted in bad faith in registering the mark, so the Registrar should exercise its discretion to refuse registration under Section 13(2) of the Ordinance.

The key issues in this case were: (1) whether the opponent’s PHYTO BLANC mark had established the requisite reputation in Hong Kong at the application date of the mark to trigger Section 12(1); and (2) whether there would be a reasonable likelihood of deception among a substantial number of persons if the mark proceeded to registration.

In determining whether the opponent had established the requisite reputation in Hong Kong, the Registrar relied on the requirement noted in DA VINCI Trade Mark ([1980] R.P.C. 237) that the opponent’s reputation in its PHYTO BLANC mark must be more than de minimis (i.e., more than enough to be taken seriously). Only if the opponent discharges this evidential burden does the onus shift to the applicant to satisfy the Registrar that there is no reasonable likelihood of confusion among a substantial number of persons if the mark proceeds to registration.

The opponent provided evidence of advertising activities and invoices issued in Hong Kong to show that its PHYTO BLANC mark, covering a range of skin care products, was launched in Hong Kong in 2000. Unsurprisingly, the Registrar found that the opponent’s reputation in its PHYTO BLANC mark was more than de minimis. The onus of proof then shifted to the applicant to convince the Registrar that there would be no reasonable likelihood of confusion among a substantial number of persons if the mark proceeded to registration.

The test applied by the Registrar was whether there would be a reasonable likelihood of confusion among a substantial number of persons if both the applicant and the opponent used their marks
in a normal and fair manner in respect of the goods covered by their registration.\textsuperscript{388}

The opponent used its PHYTO BLANC mark in relation to skin care products. The Registrar confirmed that the goods covered by the applied-for mark were similar to the goods covered by the opponent's mark and that the kinds of customers for both marks were also similar.

Regarding the aural comparison, the Registrar found that the applicant's mark and the opponent's PHYTO BLANC mark were similar because both marks consisted of three syllables and the first two syllables were identical to each other.

On the visual comparison, the applicant argued that the marks were different and distinguishable because the applicant's mark consisted of only one word with one capital letter and nine small letters, whereas the opponent's mark consisted of two words in all capital letters. On the other hand, the opponent argued that the marks were similar because they both contained the same prefix PHYTO and the suffix BLANC was the French word for "white." Taking into account the principle of imperfect recollection, the Registrar concluded that the marks were similar because both marks conjured up the idea that they had to do with plants and the color white. The Registrar observed that BLANC was a simple French word and that the consumers of cosmetics products often were exposed to French words used in relation to such products. Further, the opponent's evidence showed that the opponent had emphasized the whitening effect of its PHYTO BLANC marked products. The Registrar concluded that a significant number of people in Hong Kong would understand that the French word BLANC meant "white" in English.

The Registrar concluded that, as the marks looked similar and covered the same goods, there was a reasonable likelihood that the registration of the applicant's mark would cause deception or confusion to the public. Therefore, the Registrar refused the registration of the applied-for mark.

The opponent also argued that the applicant registered the mark in bad faith, and the Registrar was duty bound to consider an exercise of discretion under Section 13(2) in each and every case where an opposition failed under other grounds. After noting that this argument was not in the Notice of Opposition and therefore did not have to be considered, the Registrar rejected the opponent's argument and emphasized that the Registrar was not duty bound in each and every case to consider whether it should exercise its discretion in favor of an opponent where the opposition failed on other grounds.\textsuperscript{389}

\textsuperscript{388} Smith Hayden & Co.'s Application, [1946] 63 R.P.C. 97, at 101.

\textsuperscript{389} Decision of the Registrar of Trade Marks, February 22, 2005.
Dr. Willmar Schwabe GmbH & Co. applied to register the trade mark NEUROSTAN for psycho-pharmaceutical preparations in Class 5. Warner-Lambert Company objected to the registration of the mark on the ground that it so nearly resembled the opponent’s mark that it was likely to deceive or cause confusion. In addition, the mark claimed the same goods or description of goods as the opponent’s registered NEURONTIN mark.

The key issues in this case were: (1) whether the mark so nearly resembled the opponent’s registered mark as to likely deceive or cause confusion; and (2) whether the goods for which the mark was sought to be registered were the same goods or description of goods as those of the opponent’s registered mark.

In comparing both trade marks, the Registrar noticed that they were trisyllabic. The Registrar concluded that the general public could not pronounce both marks properly because English was not the mother tongue of most people in Hong Kong. The customers would be more likely to communicate orders for the goods in written form. The Registrar therefore gave more weight to the visual presentation of the marks.

Visually, the Registrar noticed that the marks shared the same number of letters and that the prefix NEURO- was common to each. The applicant argued that various other NEURO-formative marks coexisted on the register in Class 5, but the Registrar dismissed this argument on the basis that the prefix was descriptive and that there was no evidence that any of those marks were in use. The Registrar observed that the suffixes -STAN and -NTIN differed only by two letters and that the suffixes were meaningless. The Registrar determined that the marks would be easily confused by the public, taking into account the principle of imperfect recollection. Therefore, the Registrar concluded that the marks were similar.

The applicant argued that it was selling medical products for different ailments than those targeted by the opponent. Further, the trade channels were asserted to be different, as the opponent’s goods must be distributed under a doctor’s prescription whereas the applicant’s goods can be sold over the counter.

However, the Registrar took into account the fair and notional use of the mark and rejected the applicant’s argument. The Registrar held that the applicant’s goods had the same description and trade channels as the opponent’s goods because they were both medical products and the applicant could also sell prescription-only drugs.

The Registrar concluded that, as the marks looked similar and the products had the same trade channels, there was a reasonable likelihood that the registration of the mark would cause deception of or confusion to the public. The Registrar reiterated that the
threshold was lower than having to prove that a prospective consumer would purchase the wrong trader’s products. Therefore, the Registrar refused the registration of the mark.\footnote{Unreported decision of the Registrar of Trade Marks, June 29, 2004.}

**I.B.9.a. No Similarity of Marks**

Lane Crawford (Hong Kong) Limited applied to register the trade mark CAFÉ VOGUE for restaurant and catering services in International Class 42. The word CAFÉ was presented in a smaller font and positioned above the word VOGUE (see below). The word VOGUE was clearly the dominant element in the mark.

![VOGUE](image)

The mark was accepted in Part B of the register subject to a disclaimer of the descriptive word CAFÉ and was advertised for opposition. Condé Nast Asia Pacific, Inc. objected to the registration of the mark on the following grounds:

1. The mark so nearly resembled the opponent’s VOGUE mark, registered in Australia, that it was likely to deceive or cause confusion, and it had the same services or description of services as the opponent’s mark;

2. The mark so nearly resembled the opponent’s VOGUE mark, which was originally registered in Australia as a defensive trademark in respect of the same services or description of services; and

3. The registration of the mark would not be entitled to protection in a court of justice or would be contrary to law.

It should be noted that this opposition was governed by the old trade mark law, under which it was possible to oppose based on a prior registration of the same or similar mark claiming the same or similar services in a country or place where such services originated. This unique provision has been repealed.

The opponent filed written submissions to support the opposition on the night before the hearing. The opponent also sought to adjourn the hearing on the basis that the parties were negotiating a settlement, although it did not appear that there were any serious negotiations. The opponent was not represented at the hearing, leaving the Registrar to rely on the evidence and written submissions already filed. It was unusual for an opponent to have taken this approach at such a late hour. No light has been shed on the reason for this or any of the other unusual approaches to this opposition.
The applicant initially submitted that the opponent did not have standing. This is a rare challenge in opposition matters, as the party opposing usually asserts that it has prior rights through use or a registration on which it seeks to rely in the opposition. The applicant also argued that there was no evidence that the opponent was the registered owner of any trade mark in Hong Kong to which any goodwill or reputation could attach. Rather, the notice of opposition and one of the supporting declarations asserted that the opponent was a member of a group of companies headed by Advance Magazine Publishers, Inc. and registered under that name. The Registrar first ruled that additional opponents in opposition proceedings could not be added out of time by means of the pleadings, nor by means of defining the “opponent” in broader terms than the party entitled to oppose. The Registrar also noted that the opponent applied for an extension to file the notice of opposition after the statutory deadline. However, the only party who had the right to file the notice of opposition after the statutory deadline was the intended opponent, and anyone else who had missed the statutory deadline could not be added as an additional opponent by way of expanding the definition of the “opponent.”

When comparing the CAFÉ VOGUE and VOGUE trade marks, the judgment surprisingly notes that the Registrar assessed that both trade marks were visually and aurally different, and that there was no resemblance between the marks. The Registrar accepted the opponent’s argument that because the opponent was known worldwide and had sufficient reputation, this was sufficient to uphold the opposition even if both marks had different descriptions of services. However, the Registrar noted that the applicant intended to use the mark for restaurant services, which was substantially different from the opponent’s actual (but limited) use of the mark on magazines. Further, the Registrar noted that their trade channels were completely different; one being the sale of magazines and the other being restaurant services. The Registrar noted that there was only a tenuous link between the cafe and the magazine when stating that the magazine featured articles on restaurants and cafes. Given this view, the finding that there was no resemblance between the marks and that the description of services was also different, the Registrar concluded that there was no reasonable likelihood of confusion to the public.

Further, the Registrar considered whether the opponent’s registration of the defensive trade mark VOGUE in Australia for restaurant services would be a sufficient ground to refuse the applicant’s registration. The Registrar noted that for defensive trademark opposition, proof of use was not necessary. It was sufficient to oppose even if the opponent had never used its
defensive marks in relation to restaurant services that the applicant claimed. However, the Registrar noted that the applicant had raised a valid defense that it had already begun to operate restaurant services under the name CAFÉ VOGUE prior to the opponent’s registration of the defensive trade mark in Australia. The Registrar concluded that the opponent was unable to use this ground as a basis for opposing the application.

Moreover, the opponent argued that the applicant had acted in bad faith when registering the mark to confuse customers into thinking that the cafe was operated by or with the license of the opponent. The Registrar rejected the opponent’s argument on the basis that the completely different sales channels made it highly unlikely that prospective customers of the opponent would be deceived into thinking there could be a connection between the two businesses. In addition, the Registrar held that the opponent failed to provide any evidence to show that its goodwill had been damaged or that its magazine circulation had fallen since the applicant’s cafe had been open for business.

The Registrar rejected all of the opponent’s arguments and accepted the applicant’s registration.391

Seiko Kabushiki Kaisha (Seiko Corporation) applied to register the trade mark ROOX for watches, clocks, stop watches, horological and chronometric apparatus and instruments, boxes specifically adapted for watches, cases specifically adapted for all the aforesaid goods, and parts and fittings for all the aforesaid goods in Class 14.

The mark was accepted in Part A of the register and was advertised in the Government Gazette. Montres Rolex SA objected to the registration of the mark on the basis that the mark so nearly resembled the opponent’s registered ROLEX mark that it was likely to deceive or cause confusion to the public and that it covered the same goods or description of goods as the opponent’s mark. The opponent also argued that the applicant had acted in bad faith in registering the mark and that the Registrar should exercise its discretion to refuse registration under Section 13(2) of the old Trade Mark Ordinance (Cap. 43).

The test applied by the Registrar was whether there would be a reasonable likelihood of confusion among a substantial number of persons if both the applicant and the opponent used their marks in a normal and fair manner in respect of the goods covered by their registrations.

The Registrar confirmed that the application claimed the same description of goods as the opponent’s mark, as the specified goods in Class 14 were identical to the goods covered by the specification

of the opponent's registered mark in Class 14. In comparing the
marks, the Registrar took into account the visual and aural
presentation of both marks.

In addressing the aural character of the marks, the opponent
argued that the Hong Kong public was not well versed in English
and would pronounce the mark as “RO-OX” or “RO-X,” which was
phonetically similar to the opponent's mark ROLEX. The Registrar
concluded, however, that this argument was fanciful. The
Registrar accepted the applicant's contention that the public was
likely to pronounce the ROOX mark as “Rule-S(X),” which is
monosyllabic and does not sound like the pronunciation of ROLEX,
even taking into account the possibility of careless pronunciation
and slurring.

In making a visual comparison, the Registrar noted that the
marks were of different length and their spellings were
substantially different. The Registrar concluded that,
notwithstanding the principle of imperfect recollection, the marks
did not look similar. Further, the Registrar considered the actual
use of the opponent's mark. The Registrar concluded that, in
actual use, the ROLEX mark was most commonly accompanied by
the crown device, which made the possibility of confusion even less
likely.

Moreover, the Registrar identified customers of the opponent
as being sophisticated persons shopping at the high end of the
market, whereas the applicant's customers were normal people
interested in the mass market. The Registrar also considered the
possibility that the applicant might use the mark in respect of the
specified goods that were promoted to the so-called “top end of the
market.” As watches at the high end of the market are not casual
purchases, sufficient care would be exercised when purchasing
these watches, and there would be no real tangible risk that the
purchaser would be confused into believing that the goods of the
parties were from the same source. The Registrar concluded that
the mark was visually and phonetically different from the
opponent's mark, and therefore, there was no reasonable likelihood
of confusion to the public.

In assessing whether the Registrar should exercise her
discretion to refuse registration on the basis of bad faith, the
Registrar took into account the applicant's evidence of independent
creation of the mark. The Registrar concluded that in the absence
of cross-examination of the designer and her finding that there
were no deceptive similarities between the respective marks, the
applicant had not acted in bad faith in registering the mark.
Therefore, the Registrar rejected all of the opponent's arguments
and accepted the applicant's registration of the mark.392


Uni-Charm Corporation applied to register the trade mark CAREREE for napkins and pads for incontinents in International Class 5 and disposable diapers or nappies and wetting tissue paper in Class 16.

Johnson & Johnson objected to the registration of the mark on the ground that it was deceptively similar to the CAREFREE mark or marks incorporating CAREFREE that were used by it in Hong Kong, as well as its eight registered marks, including JOHNSON CAREFREE and CAREFREE, that were used and registered on the same goods or description of goods that the applicant claimed. An opposition based on alleged prior use and reputation in similar marks falls under Section 12(1) of the Trade Marks Ordinance, and an opposition based on prior registrations falls under Section 20.

The first key issue in this case was whether the applicant’s mark so nearly resembled the opponent’s registered mark as to be likely to deceive or cause confusion. The test for assessing near resemblance or similarity of marks is essentially the same for Section 12(1) as it is for Section 20. The difference is that for Section 12(1) the comparison is between the opponent’s mark as used and the applicant’s mark in notional fair use, whereas, for Section 20 the comparison is between both marks in notional fair use, that is, a normal and fair use on all goods covered by the registration or application.393 The second key issue was whether the goods for which the mark sought to be registered were the same goods or description of goods as those of the opponent’s registered mark.

The applicant argued that because the opponent’s registrations were subject to a disclaimer of right to the exclusive use of the word CAREFREE, the Registrar should discount the disclaimed element in assessing the similarity between the marks. However, the Registrar rejected the applicant’s argument, stating that the disclaimed element should not be ignored nor given less significance than it deserves when due allowance has been made for the degree to which it is non-distinctive of the relevant products. Similarities attributable to nothing more than the presence of a disclaimed feature may be sufficient to sustain an objection to registration under Section 20(1).394 An element common to both marks carries less weight in the assessment of similarity if it is descriptive or common to the trade. In this opposition, “care” was common to both the opponent’s and the applicant’s marks. “Care” was sufficiently descriptive that it would not be registrable on its own, but as an element it could not be

ignored, particularly in combination with a suffix that created a distinctive whole: CAREFREE and CAREREE. The Registrar noted that both marks imparted an impression of “care” but their similarity owed as much to the suffix in each case as to the common element “care.”

Unsurprisingly, the Registrar concluded that the applied-for mark was visually and aurally similar to the opponent’s CAREFREE and JOHNSON CAREFREE marks. The Registrar observed in passing that the opponent’s other registrations (e.g., JOHNSON & JOHNSON CAREFREE SENSITIVE) were only to some extent similar to the applicant’s CAREREE mark.

In deciding whether the goods of interest were of the same description, the Registrar considered the nature, uses, and trade channels of the goods. The opponent argued that “sanitary towels or napkins and tampons” had a similar nature to the “napkins for incontinents” claimed by the applicant in Class 5 and that both goods were sold in the same trade channel. The Registrar rejected the opponent’s argument on the basis that the opponent’s goods did not extend to “napkins for incontinents,” as claimed by the applicant. The Registrar assessed that the goods were different in description and in use, and were sold in different trade channels. The applicant’s goods were used by people who were incontinent, whereas the opponent’s goods were used by women during menstruation. Further, the Registrar concluded that there was no likelihood that people who bought JOHNSON CAREFREE marked “sanity towels or napkins and tampons” would be deceived or confused as to the trade origin of the goods if they saw the CAREREE mark used in relation to “napkins for incontinents.”

However, the Registrar made an adverse finding when comparing the opponent’s goods with the goods claimed by the applicant in Class 16. The Registrar held that although “sanitary towels or napkins and tampons” and “disposable diapers or nappies and wetting tissue paper” were different in description and in use, it was sufficient to establish similarity if the goods had the same trade channels. The Registrar was of the view that chemist shops, pharmacies, and supermarkets were likely to stock both goods in the same or neighboring sections, and the customers were usually women. The Registrar concluded that there was a sufficient likelihood of deception or confusion because the goods are similar and purchasers would wonder whether the opponent made CAREREE marked babies’ disposable diapers or napkins.

The Registrar allowed the application for the mark for Class 5 but rejected the application in Class 16.395

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I.B.11.e. Bad Faith

Cyclatek Investments Limited applied to register the trade mark LAST MINUTE & Device for telecommunications in International Class 38. The mark was a composite mark that consisted of the words LAST MINUTE and an hourglass device (see below).

The mark was accepted in Part A of the register and was advertised in the Government Gazette. Last Minute Network Limited objected to the registration of the mark on the ground that the opponent’s registered LAST MINUTE and lastminute.com marks in the United Kingdom were so well known throughout the world that the registration of the applicant’s mark was likely to deceive or cause confusion. The opponent argued that the applicant was not entitled to be the proprietor of the mark under Section 12(1) of the old Trade Mark Ordinance. Both counsel agreed that for Section 12(1) to apply, the respective marks must be identical or virtually identical. The opponent also argued that the applicant was unfairly seeking to take advantage of the opponent’s substantial reputation in the opponent’s mark and misappropriate the opponent’s marks and that the Registrar should exercise its discretion to refuse registration under Section 13(2) of the Ordinance.

The first key issue in this case was whether the mark was identical or virtually identical to the opponent’s marks. In considering this issue, the marks should be compared side by side. The Registrar noted that the precondition for the issue of proprietorship to arise is whether the parties claim the same mark or virtually the same mark. This is different from the question of whether the marks are deceptively similar. The second key issue was whether the applicant acted dishonestly in applying to register the mark, such that the Registrar should exercise its discretion to refuse registration. It was noted that in exercising discretion, the Registrar was not limited to any particular type of consideration but that he must exercise it judicially on reasonable grounds that are capable of being clearly stated.

The Registrar found that the applicant intended to use the mark to sell the same class and description of goods as the opponent currently sold in United Kingdom under its mark. However, the Registrar determined that the mark was not the same mark as, or so similar as to be, in effect, the same as, the opponent’s mark. The Registrar rejected the opponent’s argument.

Further, the Registrar noted that the onus was on the applicant to show that its use of the mark was an honest use when
assessing whether the Registrar should exercise its discretion to refuse registration. The Registrar considered the opponent’s assertion that before the applicant’s application for registration of the mark, the applicant’s representatives approached the opponent to discuss the possibility of extending the opponent’s services under the opponent’s marks to Asia. The opponent argued that the applicant must have heard of the opponent and have had knowledge of the opponent’s marks. When the opponent indicated that it had no interest in any business alliance with the applicant, the applicant allegedly adopted the mark, which was very similar to the opponent’s marks in use in Hong Kong. The opponent argued that the applicant had acted in bad faith in misappropriating the opponent’s international reputation and trade marks. As a matter of fact, the Registrar did not accept the applicant’s explanation that the mark was independently created. The Registrar observed that the declaration put forward by the applicant was inherently unreliable, was inconsistent with the documentary evidence submitted, and was declared without any scrupulous regard for accuracy. Under these circumstances, the Registrar concluded in the exercise of his discretion that there was an irresistible inference that the mark was copied from the opponent’s marks. The Registrar therefore refused the applicant’s registration in the exercise of his discretion under Section 13(2) of the Ordinance.

The opponent’s counsel surprisingly tried to raise new grounds of objection during the hearing that the applicant had not adduced any evidence of intention to use the mark in respect of the specified services. The Registrar quickly dismissed this attempt because this objection had not been raised in pleadings, nor had it even been mentioned in the outline of submissions. The Registrar indicated that it would be “highly unsatisfactory and most unjust to allow the opponent to raise this new argument.”

**I.B.15. Foreign Registrations**

Xinqiao Towa Filter Co. Limited applied to register the trade mark MAX FILTER for air filters for vehicles in International Class 7. The mark consisted of a stylized version of the word MAX, with the words MAX FILTER positioned in smaller block letters under the bottom right corner of the word MAX. The down stroke in the letter “X” of the stylized version of the larger MAX component was depicted as three wave devices. (See below.)

The mark was accepted in Part B of the register subject to a disclaimer of the word FILTER and was advertised in the Government Gazette. Luen Cheong Automobile-Wares Company Limited objected to the registration of the mark under Section 12(1) of the Trade Mark Ordinance (Cap. 43) on the basis that the mark so nearly resembled the opponent’s MAX mark, which was registered in Taiwan and the PRC, that it was likely to deceive or cause confusion.

The opponent further sought registration of the MAX mark in Hong Kong. The Registrar observed that Chun Koo Enterprises Company Ltd. owned the MAX mark in Taiwan and Daikuan Filter Company Ltd. owned the MAX mark in the PRC. Both Chun Koo and Daikuan were the successors-in-title of the MAX mark of a third party named Fast Year. The opponent was authorized by both Chun Koo and Daikuan to apply for the registration of the MAX mark in Hong Kong.

On the other hand, the applicant contended that the applicant’s parent company, Towa Company Limited, was the original owner and the user of the MAX mark in Japan since 1993.

The opponent’s mark was identical to the applied-for mark except that the opponent did not include the words MAX FILTER. There was no dispute as to the appearance of the marks and the likelihood of confusion to the public, as the marks were basically identical. However, in order to succeed under Section 12(1), the opponent must establish requisite reputation in Hong Kong through use of its mark. Based on the extensive evidence submitted by applicant, the Registrar concluded that Fast Year was merely a buyer from Towa and the applicant of the filter products bearing the mark, and that Towa was the original owner of the MAX mark and had used the mark in Japan since 1993. The limited evidence submitted by the opponent was not regarded as being sufficient to establish the requisite reputation of prior use in Hong Kong.

The Registrar concluded that the opponent had not used its own mark and, in essence, the opponent was using Towa’s or the applicant’s mark. The opponent did not establish the requisite reputation in Hong Kong, and so the opposition failed under Section 12(1) of the Ordinance.

The opponent also argued that the applicant’s mark was either identical or nearly identical to the Taiwan and PRC trade mark registrations in respect of the same goods or description of goods, and therefore the application should be refused under Section 23 of the Ordinance. The Registrar noted that as the opponent was only the authorized user and not the owner of the registered MAX marks in Taiwan and PRC, there was a serious question as to whether the opponent could rely on the two foreign registrations that were registered in its own name. The Registrar was not aware
of any judicial determination on this point and did not believe it necessary to determine the issue.

The Registrar held that even if the opponent could rely on the two foreign registrations, as contemplated under Section 23, the trade mark must be registered in the country of origin of the products. The Registrar noted that as the trade mark MAX originated in Japan, the only country that would qualify under Section 23 was Japan, not Taiwan or the PRC. Hence, Section 23 was not an available ground for opposition. Therefore, the Registrar rejected all of the opponent’s arguments and accepted the application.397

I.B.19. Slogans

Alexander Forbes Limited applied to register the trade mark YOUR WORLD IS OUR WORLD for insurance, finance, monetary, and real estate–related services in International Class 36. The Registrar objected to the application on the basis that the mark was devoid of any distinctive character.

The applicant argued that the mark did not denote the nature or the quality of the services and there was no evidence of common usage of the phrase in the relevant trade. The Registrar agreed that the mark did not consist exclusively of signs that designated the characteristics of the services, nor did it appear to be a customary phrase in the relevant trade.

The applicant also argued that the mark was distinctive because it was an invented phrase intended to identify the trade origin of the applicant’s services. The applicant also asserted that the distinctiveness of the mark had to be considered in the context of the application—the average customer’s level of attention is higher when it comes to the selection of insurance, financial, and other monetary services.

In deciding whether the mark was devoid of any distinctive character, the Registrar applied the following test from British Sugar Plc. v. James Robertson & Sons Ltd.: “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?”

The Registrar considered that a mark is distinctive if it identifies a product as originating from a particular undertaking. However, the Registrar determined that an average consumer was likely to perceive the mark simply as an origin-neutral promotional statement rather than a trade mark and that the promotional message conveyed by the mark was apparent to the average customer of such services. The Registrar also found that the phrase YOUR WORLD IS OUR WORLD was an expression of

empathy or connection with people that was devoid of any distinctive character.

The Registrar further rejected the applicant’s argument that the mark was an invented phrase. The Registrar concluded that the mark was merely a sequence of ordinary dictionary words that come easily to mind in order to convey a promotional message. Even if the phrase were invented, that did not mean that the phrase would have distinctive trade mark character.

The Registrar concluded that the mark was devoid of any distinctive character and maintained his objection. The Registrar refused the registration of the mark under Section 11(1)(b) of the Trade Mark Ordinance (Cap. 559). This case illustrates the difficulty of registering slogans on a prima facie basis.398

McDonald’s Corporation applied for the trade mark I’M LOVIN’ IT in Classes 29, 30, 32, and 43, claiming various goods and services relating to food products and drinks. The Registrar objected, under Section 11(1)(b) of the new Trade Mark Ordinance (Cap. 559), that the mark was a phrase that was devoid of any distinctive character.

The applicant argued that the mark was distinctive because it was not a phrase that people would normally employ and the degree of sentiment conveyed by the expression was excessive. The applicant had not filed any evidence of use, so the Registrar could consider the mark only on a prima facie basis.

In deciding whether the mark was devoid of any distinctive character, the Registrar applied the following test from *British Sugar Plc. v. James Robertson & Sons Ltd.*: “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?”

The Registrar was of the view that the mark was laudatory because it expressed a consumer’s positive feelings towards certain products or services. The Registrar noted that an average consumer is reasonably well informed and observant, and would be aware that catchy expressions are commonly used for advertising. Such a consumer would consider the mark as a mere promotional statement used for advertising purposes, and consumers would have to be educated, through use of the mark, before they would regard it as a trade mark.

The applicant also argued that the mark was distinctive because it was not commonly used by other traders and it was not likely that other traders would wish to use the mark in relation to their products. However, the Registrar was of the view that even if the mark was not currently used by other traders, that did not mean that the mark possessed distinctive character. The crux of

the matter was whether the mark would be seen by the average consumer as a badge of origin. The Registrar considered that the mark could not serve this purpose unless consumers were first educated that it was a trademark.

Further, the applicant referred to a number of slogans and argued that the slogans, which were more descriptive and generic than the mark, were registered by the Registrar on a prima facie case. However, the Registrar was of the view that each case had to be considered on its own merits and it was not appropriate to make direct comparisons between different marks on the register.

Finally, the applicant argued that the mark should be registered because it was accepted for registration in Australia and New Zealand in the same classes based on a prima facie case. However, the Registrar observed that the bare fact of registrations, without more, was of limited assistance to this case and the Registrar would not simply follow decisions of other registries, especially where reasons for such acceptances were not available. Therefore, the Registrar concluded that the mark was devoid of any distinctive character and maintained its objection. The Registrar refused the registration of the mark under Section 11(1)(b) of the Ordinance.399

New York Life Insurance Company applied to register the trade mark LIFE MADE EASIER, claiming insurance and financial services, among other things, in Class 36. The Registrar objected, under Section 11(1)(b) of the new Trade Mark Ordinance (Cap. 559), that the mark was a phrase that was devoid of any distinctive character.

The applicant argued that because the average consumer's level of attention and circumspection was higher when it came to the selection of insurance and financial services, it was unlikely that the consumer would regard the mark as merely an advertising statement and that the consumer would, rather, regard the mark as a trade mark.

In deciding whether the mark was devoid of any distinctive character, the Registrar applied the following test from British Sugar Plc. v. James Robertson & Sons Ltd.: “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?”

The Registrar was of the view that the mark was merely a slogan consisting of ordinary English words that mean that a person's life is made easier and simpler, and that he or she will have less worry or stress. The Registrar considered that the phrase was apt for use by any financial services provider for promoting its services because it was a common desire of consumers to be able to

lead easier lives through the use of such professional services. The Registrar found that an average consumer would consider the mark as a mere promotional statement used for advertising purposes, and consumers would have to be educated, through use of the mark, before they would regard it as a trade mark. The Registrar dismissed the evidence that was filed on the basis that it did not cover all the services claimed, it related only to some services in an indirect and inadequate manner, and there was no information on the scale and scope of the advertising. This is a strong message that advertising has to be clear and that evidence submitted will be carefully scrutinized for relevance.

The applicant also argued that because the Registrar did not raise the objection that the mark was descriptive and related to the services concerned under Section 11(1)(c), the mark should be regarded as being inherently registrable. However, the Registrar pointed out that objections under Sections 11(1)(b) and 11(1)(c) must be considered separately. The Registrar viewed that when considering an objection under Section 11(1)(b), it is irrelevant whether consumers would be swayed by the mark into acquiring the services concerned.

The applicant further argued that the distinctiveness of a mark must be presumed unless it is disproved. The Registrar rejected the applicant’s argument and observed that a mark is presumed to be distinctive only if the Registrar does not challenge the distinctiveness of the mark. The Registrar concluded that, as objection was raised under Section 11(1)(b), the applicant had the onus of proving that the mark was not devoid of any distinctive character before the application could proceed to registration.

Finally, the applicant argued that the evidence filed showed substantial use of the mark and that the mark had become distinctive through use. In determining whether a mark has become distinctive through use, the Registrar will consider whether consumers have been educated, through use, to recognize the mark as a badge of origin of the services concerned.

The Registrar noted that the applicant’s evidence showed only that the mark was applied to life insurance services, but such evidence was indirect and inadequate. The Registrar also noted that it was likely that, when reading the mark in the context of the advertisement, consumers would consider it as part of the slogans used in the advertisement, and such impression became stronger when the mark was placed next to the logo of New York Life. Further, such advertisement was displayed for only ten months. In considering the evidence as a whole, the Registrar concluded that the applicant’s evidence was insufficient to establish that the mark had become distinctive through use. Concluding that the mark was devoid of any distinctive character and maintaining his objection,
the Registrar refused the registration of the mark under Section 11(1)(b) of the Ordinance.400

**III.A.10. Nonuse of Trademark**

ITT Trademark & Trade GmbH applied to remove the registration for the ITT trade mark, for television receivers and parts and fittings in International Class 9, owned by ITT Manufacturing Enterprises Inc.

The key issues in this case were: (1) whether the applicant had standing to apply to remove the registration; and (2) whether the applicant had made out a prima facie case that the registered proprietor had not used the mark during a continuous period of five years. Under the old trade mark law, the onus is on the applicant to prove his case.

The applicant contended that it was a person aggrieved because its application for registration was blocked by the registered proprietor’s earlier registration of the mark. The registered proprietor argued that the mere fact that the applicant’s application was blocked by its registration did not make the applicant a person aggrieved. The registered proprietor cited case law to establish that the applicant must show that it had used or had a fixed intention to use the mark for goods of the type in the registered proprietor’s registration, or for goods of the same description, to qualify as a person aggrieved.

The Registrar accepted the registered proprietor’s argument and concluded that the applicant was not a person aggrieved because the applicant failed to show that it had used or had a fixed intention to use the ITT mark. This case is unusual because it heavily canvassed the issue of whether the applicant was a person aggrieved.

In considering the applicant’s evidence of nonuse, the Registrar applied the test from *Estex Clothing Manufacturing Pty. v. Ellis & Goldstein Ltd.*:401

> It is for an applicant who seeks to have a mark removed to prove his case. The onus is on him to show an absence of use in good faith during the period. . . . If persons who, by reason of their connection with the relevant trade, might be expected to have seen or heard of the mark if it were used as a trade mark upon goods for which it is registered, swear that they had not seen or heard of it in use as a trade mark at any time during the relevant period, that is prima facie evidence of the fact which the applicant must prove. . . .

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400. Decision of the Registrar of Trade Marks, March 10, 2005.
The applicant sought to rely on a survey conducted by a private enquiry agent of 20 leading electrical shops and department stores in Hong Kong and of persons working in the shops and stores as evidence of nonuse. The persons interviewed were asked if they had heard of or had sold ITT branded products in the last five years. Out of 20 people, 15 of the staff said that they had never heard of or sold products bearing the ITT mark and the remaining five said that they might have heard of the ITT mark but stated that they had not seen such a branded product in Hong Kong during the last five years.

The registered proprietor argued that five out of 20 people hearing of the ITT mark was a significant number and tended to show that the ITT mark had been used in Hong Kong. The Registrar noticed that, of the five, three believed that the ITT mark had been used on TVs marked ITT LAWRENCE; one of them believed the mark was used on TVs made in Europe; and the remaining one believed the ITT mark was used on audio-video equipment but was unsure of the exact products to which the mark was applied. The Registrar concluded that the responses of those five people were neither evidence of the registered proprietor's use of the ITT mark in Hong Kong nor evidence of nonuse, so the applicant had not discharged its burden of proof. Therefore, the Registrar refused the application to revoke the registration.402

It should be noted that parties involved in a nonuse action must expect that their evidence will be vigorously challenged by the respondent and assessed by the Registrar. This case, under the old Hong Kong trade mark law, shows how careful the Registrar is in assessing whether nonuse has been established. Under the current trade mark law, the onus is on the registered proprietor to establish that it has used the registered mark. This case is an important lesson for attorneys and competitors contemplating a nonuse action.

ICELAND

I.B.2. Merely Descriptive Terms

Registration of the word mark INKASSO,403 for financial services in International Class 36 and legal services in Class 42, in the name of Intrum á Íslandi ehf., was published in the official gazette for opposition purposes. Mr. Guðjón Styriðarson filed an opposition on the ground that the mark lacked distinctiveness with regard to the services in question.

The Registrar found that, although not an Icelandic word, *inkasso* would be familiar to the Icelandic public through the Scandinavian languages as a term for debt collection. Accordingly, the Registrar ordered the invalidation of the registration.404

Registration of the word mark KRÖFUVAKT,405 for financial services in Class 36 and legal services in Class 42, in the name of Intrum á Íslandi ehf., was published for opposition in the official gazette. AM PRAXIS sf. opposed, claiming that the mark lacked distinctiveness with regard to the services covered.

The Registrar determined that although the mark appeared to be one word, it was actually a combination of two Icelandic words, with the obvious meaning, derived from the separate words, of “debt watching.” Accordingly, the Registrar ordered the invalidation of the registration.406

**I.B.8.a. Similarity of Marks**

The Supreme Court ruled that, notwithstanding previous decisions allowing increased resemblance between drugs sold by prescription, the applied-for trademark CELERA,407 in the name of PE Corporation Celera Genomics, was too similar to G.D. Searle LLC’s prior-registered trademark CELEBRA408 and would be subject to invalidation on grounds of confusing similarity.409

The International Registration for the word mark SPY,410 covering alcoholic drinks in International Class 33, in the name of Breyfield Trust reg., was published for opposition purposes in the official gazette. Spirits Product International Intellectual Property B.V. filed an opposition, claiming confusing similarity with its prior-registered trademarks SPI & Device, for goods in Class 33, and SPI, for services in Classes 35 and 39.

In addition to confirming the similarity of the covered goods, the Registrar determined that the marks were visually somewhat similar, showed considerable phonetic resemblance, and were confusingly similar in their overall appearance. The fact that the

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410. International Registration No. 822 249.
sale of wines and spirits in Iceland was restricted to special
government stores made no difference in the Registrar’s finding of
risk of confusion.\footnote{Spirits Product International Intellectual Property B.V. v. BREYFIELD Trust reg.,
key2/11urdskurdur2005.html/$File/SPY%2011-2005.pdf (in Icelandic).} Accordingly, the Registrar invalidated the
registration.

The registration for the word mark ISLAND ROVER,\footnote{Registration No. 913/2003.} covering goods and services in Classes 39 and 41, in the name of Íslandsflakkarar ehf., was published in the official gazette for opposition. Land Rover opposed, claiming that the mark was confusingly similar to its prior-registered trademark LANDROVER, covering goods in Class 12.

The Registrar accepted that both the LANDROVER trademark and the opponent’s mark LAND ROVER, which though not registered in Iceland had been used by Land Rover in other countries for decades, were so well known in Iceland that the criterion of confusion was not restricted to similarity of covered goods. She noted, however, that the first part of ISLAND ROVER in fact referred to ICELAND (ÍSLAND in the native language); therefore, IS- was not just a prefix or short addition to LAND. Accordingly, the Registrar held that the marks were not confusingly similar, and rejected the opposition.\footnote{Land Rover v. Íslandsflakkarar ehf., Registrar, Decision No. 12/2004, September 10, 2004, available at www.els.is/focal/webguard.nsf/key2/12urdskurdur2004.html/$File/Island%20Rover%2012-2004.pdf (in Icelandic).} Land Rover appealed.

The Appeal Board reversed the Registrar’s decision, noting that the prefix IS- was very weak for distinguishing the marks and that the opponent’s mark LANDROVER was entitled to increased protection on account of its long-established use and world fame.\footnote{Land Rover v. Íslandsflakkarar ehf., Appeal Board, Case No. 20/2004, April 18, 2005, available at www.els.is/focal/webguard.nsf/key2/rgfnn6bseu8.html/$File/2004-20
%20LAND%20ROVER%20ursk%202.pdf (in Icelandic).}

\textbf{I.B.8.b. Similarity of Goods/Services}

The International Registration for the word mark FISH FOR LIFE,\footnote{International Registration No. 768 443.} covering goods and services in International Classes 29, 30, and 42, in the name of Youngs Bluecrest Seafood Limited, was published for opposition purposes in the official gazette. Unilever N.V. opposed, claiming that the goods and services were confusingly similar to those covered by its prior-registered trademarks FOOD FOR LIFE, for goods in Classes 29, 30, and 32,
and FOOD FOR LIFE & Device, for goods and services in Classes 5, 29, 30, 32, 41, and 43.

The Registrar confirmed the similarity of the covered goods and services, finding that the first word in both marks was descriptive for the goods. As these two words were, moreover, closely related, he also determined that the marks were similar in overall appearance. Accordingly, the Registrar invalidated the registration.416

I.B.9.a. No Similarity of Marks

The Registrar published for opposition, in the official gazette, the registration of the word mark NOLO,417 for goods in International Class 30, in the name of Góa Linda ehf. Société des Produits Nestlé filed an opposition, claiming confusing similarity between the mark and its prior-registered trademarks POLO, POLO – THE MINT WITH THE HOLE, and POLO & Device, all for goods in Class 30.

While confirming the similarity of the covered goods, the Registrar rejected the opposition. She found that despite some phonetic resemblance there was little visual resemblance between the words NOLO and POLO, and further that they would have very different meanings in the mind of the Icelandic public, namely, different kinds of games (i.e., cards and polo).418

The International Registration for the word mark TEFOR,419 covering goods in Class 17, in the name of ABET LAMINATI S.P.A., was published in the official gazette for opposition purposes. E.I. du Pont de Nemours and Company opposed on the basis of the mark’s confusing similarity to its prior-registered trademark TEFLON, for goods in Classes 1, 3, 4, 7, and 21.

The Registrar confirmed the similarity of the covered goods to some extent but rejected the opposition, finding little phonetic and visual resemblance between the marks in question.420

The International Registration for the word mark JOLLY SPY,421 covering goods in Class 33, in the name of Breyfield

419. International Registration No. 559 471.
Trust reg., was published for opposition purposes in the official gazette. Spirits Product International Intellectual Property B.V. filed an opposition on the basis of the mark's confusing similarity to its prior-registered trademarks SPI & Device, for goods in Class 33, and SPI, for services in Classes 35 and 39.

The Registrar confirmed the similarity of the covered goods but determined that despite some phonetic resemblance there was little visual resemblance between the marks. Consequently, the opposition was rejected.422

II.F. International Issues

Tæknival hf. continued the sale of APPLE goods after Apple Computer International’s termination of its distributor agreement with the firm. Tæknival acquired the goods from a U.S. company, to which Apple Computer had sold the goods on the condition that they be distributed only in the United States. Apple Computer applied to the District Court of Reykjavík for a temporary injunction in order to prevent further distribution.

At trial, the defendant argued that Iceland had adopted, by statute law, the rule of global exhaustion. Although the text of the applicable statute did not explicitly refer to the exhaustion as being global, the explanatory notes clearly indicated so, and this had been and was the general understanding. The plaintiff countered that Iceland had undertaken to harmonize its law with the rules laid down for the European Community (EC), under which exhaustion was clearly limited to the EC and the additional countries forming the European Economic Area, and that this undertaking was reflected in Iceland’s statute law.

The District Court ruled in favor of Apple Computer International. It held that the indication in the explanatory notes did not suffice to establish a rule of global exhaustion.423

IRAN

III.A.2.b. Similarity of Marks

Gillette Canada Inc., owner of a registration in Iran for the trademark ORAL-B, became aware of the registered trademark DR. ORAL, owned by an Iranian individual and covering identical goods in International Class 21.

421. International Registration No. 828 520.
Gillette filed a petition before the court for cancellation of the registration for DR. ORAL on the basis of its similarity to ORAL-B. The company argued that the general public, with minimal or no knowledge of the English language, would be deceived into thinking that they were buying a high-quality product from a reputable company. It argued further that the Iranian Industrial Property Office should have rejected DR. ORAL at the application stage, as the mark is descriptive for goods in Class 21, especially toothbrushes. The Iranian individual contended that the two trademarks were different and the only common word was ORAL, which as noted above is descriptive for goods in this class.

The court issued a verdict in favor of Gillette Canada Inc. It found that although the two trademarks shared only the word ORAL, from the standpoint of appearance, form of writing, and pronunciation they were very similar, and the general public would be confused if the marks were allowed to coexist. Accordingly, the court ordered the cancellation of the registration of the Iranian trademark DR. ORAL.\footnote{Case No. 258/3/83, Court Branch No. 3, Verdict No. 573, November 3, 2004.}

The appeal court confirmed the lower court’s verdict.\footnote{Verdict No. 1475, February 16, 2005.}

**IRELAND**

**I.B.9.a. No Similarity of Marks**

Yamanouchi Europe BV applied for the registration of a converted Community trade mark (CTM) for the word AIRMAX, in respect of “pharmaceutical preparations and substances for respiratory diseases” in International Class 5 and “inhalers” in Class 10. The application was accepted and published for opposition purposes.\footnote{Application No. 218877, published in Patents Office Journal, July 11, 2001.}

Almiral Prodesfarma S.A. filed an opposition based on its earlier CTM ALMAX, registered for “a special pharmaceutical product used for neutralising gastric hyperactivity.”\footnote{CTM No. 387175.} The opponent also claimed earlier use and reputation of the trade mark ALMAX in Ireland, which allegedly entitled it to protection under the Paris Convention as a well-known mark.

The matter became the subject of a hearing before the Controller on July 23, 2004.

On the comparison of marks, the Controller found that the level of visual similarity between the marks ALMAX and AIRMAX was moderate to high. However, the aural and conceptual or connotative differences reduced the level of similarity to low.

\footnote{Controller’s decision, July 23, 2004.}
Comparing the goods, the Controller found that “inhalers” in Class 10 were not similar to the opponent’s goods in Class 5. The Controller also found that the respective goods in Class 5 had different purposes and that the level of similarity between the respective goods was no more than moderate in degree. As neither the opponent’s nor the applicant’s goods were qualified by terms such as “prescription only” or “over the counter,” the consumer of the goods must be the general public, rather than physicians and/or pharmacists. The Controller took the view that the average person, who was to be regarded as “reasonably observant and circumspect,” could be expected to pay a higher level of attention to the purchase of a pharmaceutical product than he or she would to other products, because of the consequences to his or her health and well-being.

It is established that the more distinct a mark is, the more likely that there will be confusion if a similar mark is subsequently used in relation to similar goods. In the present case, the Controller took the view that the invented word ALMAX must be regarded as inherently distinctive, but he rejected the opponent’s claim that its mark was factually distinctive because the company did not provide any evidence of the mark’s use in Ireland.

Having regard to all the factors outlined, the Controller held that there was no appreciable likelihood of confusion between the marks, bearing in mind the relatively low degree of similarity between the marks and the significant differences in the respective products covered. The opposition was, therefore, rejected.

I.B.22. Distinctiveness

Swiftcall (Cyprus) Ltd filed an application for registration of the word mark SWIFTCALL, in respect of “telecommunications services and interactive television services” in International Class 38. The application was accepted and advertised for opposition purposes.

The Society for Worldwide Interbank Financial Telecommunication (SWIFT), a cooperative society, opposed this application on the basis of an earlier Irish registration for SWIFT & Globe Device, in respect of “printed matter, newspapers and periodicals” in Class 16. In addition, the opponent asserted that

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432. Registration No. 115516.
its trade mark was entitled to protection under the Paris Convention as a well-known mark. In its evidence, the opponent claimed to have used the trade mark SWIFT since the early 1970s in relation to telecommunications services between financial institutions. For the period 1980–1996, the estimated income from SWIFT services was €9.3m. The opponent claimed, further, that the trade mark SWIFT (also used as S.W.I.F.T.) was first used in the Republic of Ireland in 1976 and that many millions of “SWIFT transactions” had been conducted in Ireland, with almost 3 million in 1996 alone.

The applicant submitted evidence that the trade mark SWIFTCALL had been used in various countries since 1992 and that it had commenced use of the mark in the Republic of Ireland, in relation to the provision of reduced-price international telephone calls, in 1994. In addition, it claimed that the services offered under the SWIFTCALL mark had been extensively advertised in newspapers circulating in Ireland. For the period June 1996 to December 2000, the estimated sales of services under the mark were €16m, with €2m being spent in advertising.

By letter dated December 10, 2002, the agents acting for the opponents informed the Patents Office that the opponent did not wish to file evidence in reply under Rule 22. Having considered the applicant’s evidence under Rule 21, the opponent was willing to withdraw the opposition if the applicant agreed to amend the specification of goods to read as follows:

Provision of national and international telephone calls, such services in no way relating to financial messaging services; interactive television services, such services in no way relating to financial messaging services.

By letter dated December 4, 2003, the applicant amended the specification to:

Telecommunications services in Class 38, such services in no way relating to financial messaging services between financial institutions; interactive television services in Class 38.

The Patents Office notified the opponent of the amendment, but the opponent indicated its intention to pursue the opposition unless the applicant agreed to amend the specification of services as the opponent had suggested. The opponent requested leave to file additional evidence under Rule 23, the reason being “to bring the information with respect to the opponent[’s] use of the trademark SWIFT more up to date.” The Controller indicated that the request for leave to file evidence under Rule 23 would be treated as a preliminary issue at the hearing on the matter, which was scheduled for July 5, 2005.

On the preliminary issue, the Controller refused the opponent leave to file additional evidence, as he was not satisfied that the
evidence that the opponent sought to introduce was of sufficient relevance or weight to warrant setting aside the applicant’s objection to the late request.

On the substantive issues, the Controller first dealt with the opponent’s objection that the mark applied for was devoid of distinctive character. The Controller accepted that the word SWIFTCALL was an invented word, even though its invention was arrived at merely by combining the words “Swift” and “Call.” Its relative simplicity and lack of imagination did not mean that the mark was devoid of any distinctive character in the context of the relevant services. He took the view that the mark should be capable of performing the essential function of informing consumers as to the commercial origin of the goods and services covered. The opponent’s assertion that the SWIFTCALL mark designated the services or an essential characteristic of them was also rejected. The Controller accepted that SWIFTCALL alluded to certain aspects of telecommunications services, but he was not satisfied that it directly named or described aspects of those services in such a way as to fall afoul of Section 8(1)(c) of the Trade Marks Act. He could imagine service providers’ promoting their services by stressing the speed of connection over their networks and by exhorting customers to avail themselves of the providers’ quick or “swift” service. However, he was not certain that they would be likely to do so by reference to a “swift call” or “swift calls.”

Turning to the likelihood of confusion based on the opponent’s registered trade mark, the Controller took the view that the goods covered by this registration—that is, “printed matter, newspapers and periodicals”—were neither identical to nor similar to the services covered by the present application.

As regards the basis of the opponent’s alleged earlier use of the trade mark S.W.I.F.T. & Device, the hearing officer was satisfied that the evidence filed by the opponent established that money transfer services were offered under the mark throughout the world; however, he indicated that the opponent’s evidence did not prove that the mark was a well-known mark. In particular, the hearing officer observed that the opponent had produced no independent evidence—by way of, for example, statements from persons in the telecommunications industries, references to its mark in third-party publications, etc.—to show that the trade mark had acquired a degree of fame such as would justify the opponent’s claim that it was entitled to protection under the Paris Convention as a well-known mark. He acknowledged that use of a trade mark over a long period might result in its becoming well known, but he could not assume that to be the case in respect of the opponent’s mark in the absence of some concrete evidence pointing to that fact.
With respect to the opponent’s assertion that the applicant’s use of the applied-for mark would take unfair advantage of, or be detrimental to, the distinctive character or reputation of the opponent’s earlier registration under Section 10(3) of the Trade Marks Act, the Controller held that this section was intended to protect only those trade marks that had a reputation in the Republic of Ireland. He took the view that the opponent had adduced no evidence to support a finding that its mark enjoyed the required level of reputation as of the relevant date. The Controller observed that, even if he accepted that the opponent’s mark had a reputation in Ireland as of the relevant date, the opponent had not made any convincing arguments showing how the use of the applied-for mark would tarnish the reputation of the opponent’s mark or diminish, through so-called blurring, its capacity to identify the opponent’s goods or services, or, indeed, how such use would in any way profit from the reputation of or harm the opponent’s mark.

The opposition was dismissed on all grounds.433

III.G. Post-Registration Evidence of Use and Renewals

The issue of what constitutes “genuine use” was considered by the Controller of Patents, Designs and Trade Marks in an application by Travel Hurry Projects Limited for revocation of the Irish registration for the trade mark LELLIKELLY, in respect of “clothing, including boots, shoes and slippers,” in International Class 25 in the name of Stefcom SpA.434

On May 31, 2002, Travel Hurry Projects applied for revocation of the registration for LELLIKELLY on the grounds that there had not been genuine use of the registration in the Republic of Ireland for five years following the publication of the registration and that there were no proper reasons for non-use.

In support of its registration, the registered proprietor filed copies of invoices bearing dates between November 1997 and August 2002. The eight invoices showed that footwear had been sold to retailers in Ireland in the following quantities:

<table>
<thead>
<tr>
<th>Quantity (pairs)</th>
<th>Value (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>8</td>
<td>78</td>
</tr>
<tr>
<td>5</td>
<td>49</td>
</tr>
<tr>
<td>6</td>
<td>54</td>
</tr>
<tr>
<td>90</td>
<td>1525</td>
</tr>
</tbody>
</table>

434. Registration No. 159959.
Travel Hurry Projects asserted that the proprietor’s evidence of use reflected minuscule sales, suggesting an unsuccessful attempt to interest an Irish distributor in the proprietor’s footwear or token use in an attempt to stave off an attack on the registration on grounds of non-use.

The revocation became the subject of a hearing before the Controller on November 23, 2004.

The Controller noted that although the Trade Marks Act, 1996 did not define “genuine use” of a trade mark for the purposes of revocation, the meaning of the term was considered by the European Court of Justice (ECJ) in Ansul BV v. Ajax Brandbeveiliging BV,435 in which the ECJ held:

[T]here is “genuine use” of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use 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, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark.

From the foregoing the Controller concluded that it was not necessary to establish that the use in question had been continuous or extensive or that it had resulted in the mark’s becoming well known to the relevant consumers. It was sufficient to show that the mark had been used on the goods within the period and that it had come to the notice of the relevant consumers of those goods.

On the question of whether there was a de minimis level of use, the Controller considered a subsequent ECJ case, La Mer Technology Inc. v. Laboratoires Goemar SA,436 in which the court stated: “[I]t is not possible to determine a priori, and in the

abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down.”

Based on the invoices furnished, the Controller expressed the opinion that the goods of the first four invoices were unlikely to have reached the consumer and that these transactions were more likely to have been for the purpose of acquiring samples of the proprietor’s goods other than for resale, perhaps for examination of quality, finish, style, etc., and perhaps with a view to a commercial relationship in the future. He added, however, that there was nothing irregular about such transactions and that he would regard them as examples of genuine use of the trade mark—that is, use for the purpose of creating a share in the market for the goods identified by the trade mark. When these transactions were considered together with the other sales, the Controller was satisfied that the proprietor had shown genuine use of the registered trade mark, even though the amount of use was very small.437

Finally, the Controller considered whether partial revocation was warranted, as the proprietor had shown use of the LELLIKELLY mark only on footwear, whereas the registration was in respect of “clothing, including boots, shoes and slippers.” Given his finding that the proprietor had shown genuine use of the mark on footwear, and in the absence of a specific request for partial revocation of the registration, the Controller did not find it necessary to limit the specification to footwear.

**ISRAEL**

**I.B.9.a. No Similarity of Marks**

*Masa Olami* (“Worldwide Journey”) is the name of a highly rated weekly television travel program in Israel, and also of a travel magazine. The producer and publisher, Masa Olami Ltd., filed an application to register the mark MASA OLAMI in International Class 16, which includes magazines and newsletters.438 Masa Acher Ltd., publisher of the well-known travel magazine *Masa Acher* (“Different Journey”) and owner of a mark of the same name,439 opposed Masa Olami’s application. In support of its opposition, Masa Acher submitted several affidavits


439. Registration No. 131,975.
from its employees, claiming that they had encountered confusion between the marks MASA OLAMI and MASA ACHER among the public. Masa Acher also conducted a consumer survey that demonstrated confusion between the marks.

The Registrar ruled that the evidence before him was not sufficient proof of consumer confusion among the purchasers of the two magazines. He noted that the publications industry was small, and its consumers were sophisticated. Therefore, he concluded, the likelihood that the relevant consumer would be confused or misled was small. In the Registrar’s opinion, the applicant’s renowned goodwill was further evidence that such confusion was not likely.

Accordingly, the Registrar held that the mark MASA OLAMI could proceed to registration, provided a disclaimer was given for the word MASA (“JOURNEY”).

I.B.12. Famous Marks

ZAO “Gruppa predpriyatij OST,” a Russian company that manufactures, markets, and distributes alcoholic beverages, applied to register the mark STOLNAYA, to cover “alcoholic beverages excluding beer” in International Class 33. The application was opposed by the Dutch company Spirits International N.V., owner of the famous and well-known trademarks STOLICHNAYA and STOLOVAYA in several countries across Europe, the Middle East, and East Asia. In Israel, Spirits International’s trademark STOLOVAYA is registered for goods in Classes 33 and 35. The opponent’s famous mark STOLICHNAYA is not registered in Israel.

The Israeli Trademarks Ordinance (1972) grants famous and well-known marks broad protection. The extent of the protection also depends on whether the mark is registered in Israel. Under Section 11(13) of the Ordinance, protection of famous and well-known marks not registered in Israel will be granted against marks that are identical or confusingly similar to a mark of the same class. However, under Section 11(14), a famous and well-known mark registered in Israel will be granted protection against marks that are identical or confusingly similar to marks of all classes, on two conditions:

1. The mark sought to be registered might indicate a connection between the goods in respect of which the mark is sought and the registered proprietor of the trademark; and
2. The registered proprietor of the trademark might be harmed as a result of using the mark sought.

441. Application No. 131,391.
As Spirits International’s trademark STOLICHNAYA is not registered in Israel, it is subject to the provisions of Section 11(13) of the Ordinance. The goods to be covered by the applied-for mark are in the same class as those covered by the famous mark STOLICHNAYA, that is, alcoholic beverages, in particular vodka.

The Registrar made a visual comparison of the three marks: STOLICHNAYA, STOLOVAYA, and STOLNAYA. The marks are Russian words unfamiliar to most consumers, and are of similar sound and length. The Registrar noted that the most dominant syllable in the trademarks is the prefix STOL-, which is shared by all three trademarks. This prefix was found to be unique and not common for use in connection with vodkas.

The Registrar ruled that the applied-for mark STOLNAYA was confusingly similar both to the famous and well-known mark STOLICHNAYA and to the registered trademark STOLOVAYA, and denied its registration.\(^{442}\)

**I.B.13. First to Apply Versus First to Use**

Mr. Jehuda Malki has manufactured and sold soaps and body products under the commercial name YARDEN for 30 years. He has used the mark SABON SHEL PAAM (“Soap from the Past”) alongside the mark YARDEN to describe certain products, namely, soaps produced in the old-fashioned way. Malki’s use of the mark SABON SHEL PAAM was secondary to his use of the mark YARDEN. In 1994, Malki applied for and obtained registration of the YARDEN mark; however, he did not apply for registration of the mark SABON SHEL PAAM until May 23, 2000.\(^{443}\)

A different company, Sabon Shel Paam (2000) Ltd. opened its first store in 1997. Within three years it had expanded into a chain of stores known as Sabon Shel Paam. The firm applied for registration of its mark SABON SHEL PAAM on August 10, 2000.\(^{444}\)

 Section 29(a) of the Trademarks Ordinance provides:
Where separate applications are made by different persons to be registered as proprietors respectively of identical or similar to a misleading degree trademarks in respect of the same goods or description of goods, and the later application was filed before the acceptance of the prior application, the Registrar may refrain from accepting the applications until their respective rights have been determined by agreement between them approved by the Registrar. In the absence of such agreement or approval, the Registrar shall decide, for

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\(^{443}\) Application No. 138,115.

\(^{444}\) Application No. 140,925.
reasons which shall be recorded, which application shall continue to be processed pursuant to the provisions of this Ordinance.

After an initial review of the competing applications under Section 29(a), the Registrar ruled that the marks were confusingly similar. The Registrar then conducted a further review of the applications, using the following three-pronged analysis:

1. **Filing dates of the applications.** The Registrar ruled that this test was the least meaningful of the three in determining which application should prevail. The test would be meaningful only in cases in which a significant amount of time had passed between the filing of the applications. Three months, as in this case, was not a significant amount of time.

2. **Extent of use of the marks.** This test measures the extent of use of the mark prior to the application filing date and the extent of use prior to the court hearing. After reviewing Malki’s sales and promotional use of the mark SABON SHEL PAAM, the Registrar ruled that Malki did not significantly use the mark prior to the filing date or the hearing. Sabon Shel Paam Ltd., however, had made significant promotional efforts that had resulted in increasing sales, which amounted to about 13 times Malki’s sales in 2003.

3. **Bona fide requirement.** The Registrar ruled that Malki had substantially increased his use of the mark only after Sabon Shel Paam Ltd. had created, and established a strong basis for, goodwill in the mark.

Consequently, the Registrar denied registration of Malki’s mark and continued the review of Sabon Shel Paam Ltd.’s application, subject to a Notice of Disclaimer for the words SABON (“Soap”) and PAAM (“Past”).

**ITALY**

**III.A.2.b. Similarity of Marks**

The French leader in luxury fashion, Louis Vuitton Malletier, owns the very famous figurative trademark MONOGRAM CANVAS. This mark features the intertwined initials LV and three symbols—a curved diamond with a four-point star inset, its negative, and a circle with a four-leafed flower inset—printed in

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light brown against a dark brown background. It is used on Louis Vuitton’s complete line of handbags, luggage, and accessories.

The Customs Office of Genoa stopped certain goods destined for Zheng Lili, the owner of the sole proprietorship Sanli. These goods bore a design similar to that of MONOGRAM CANVAS but using the intertwined initials LX instead of Louis Vuitton’s initials LV. The LX monogram often is used by counterfeiters in order to sell articles that appear to be Louis Vuitton products without completely reproducing the trademark MONOGRAM CANVAS, as, at least in Italian criminal courts, judges have sometimes been reluctant to categorize the LX monogram as a counterfeit.

Louis Vuitton brought an action for preliminary injunction against Zheng Lili for trademark infringement and unfair competition. The company argued that, although it does not reproduce Louis Vuitton’s mark completely, the LX monogram used by Zheng Lili is confusingly similar to the MONOGRAM CANVAS mark.

The Court of First Instance of Florence upheld Louis Vuitton’s claims, confirming that the LX monogram was confusingly similar to the MONOGRAM CANVAS mark and thus its use by Zheng Lili amounted to trademark infringement and unfair competition.446

The Court ordered the withdrawal from the market and the destruction of all of Zheng Lili’s products bearing the LX monogram or any other marks confusingly similar to Louis Vuitton’s marks. Zheng Lili was also enjoined from using marks identical with or confusingly similar to Louis Vuitton’s marks, and the Court set a penalty of €300 for each future breach by Zheng Lili of its order. Last, the Court ordered Zheng Lili to reimburse the attorney’s fees and court costs in the amount of €5,352.42.

Emilio Pucci International B.V. and Emilio Pucci S.r.l. (together, Emilio Pucci) are, respectively, the owner and the licensee of the trademark EMILIO PUCCI, a very famous mark in the high fashion industry. Emilio Pucci brought an action before the Court of First Instance of Turin against El Corte Inglés S.A. to have, inter alia, the latter’s Italian trademark registration for EMIDIO TUCCI declared invalid.

Emilio Pucci also claimed that El Corte Inglés’ mark was null owing to nonuse and that, in any case, any use of the mark in Italy on the part of El Corte Inglés would constitute an infringement of Emilio Pucci’s trademark rights as well as an act of unfair competition.

El Corte Inglés argued that its mark was not null as a result of nonuse, as the company had been manufacturing its EMIDIO

TUCCI products in Italy, even though it had been selling them elsewhere.

Following this assertion and pending the action, Emilio Pucci filed a petition for seizure of the articles in question and an injunction against El Corte Inglés’ further manufacture of the goods, and also asked for the publication of such order. Surprisingly, the judge refused to grant the order, holding that EMIDIO TUCCI was not confusingly similar to EMILIO PUCCI.447

Emilio Pucci appealed the Court’s order. The Court of Appeal of Turin admitted the appeal, and hence quashed the lower court’s order, because it recognized that the two marks were indeed confusingly similar.448 The Court of Appeal therefore issued an order for injunction prohibiting El Corte Inglés from using the EMIDIO TUCCI mark and ordered the seizure of the articles in question.

In recognizing that the two marks were confusingly similar, the Court of Appeal upheld well-established principles of Italian case law regarding strong trademarks. The action on the merits is currently pending.

III.B.8. Slavish Imitation

The English company Burberry Limited is internationally famous for its BURBERRY CHECK device mark, consisting of a combination of black and red lines that, intersecting one another on a beige background, form quadrilateral shapes, including windows in a lighter beige and in white.

The Italian company Gruppo Coin S.p.A., which owns numerous stores throughout Italy, sold clothing bearing a design identical to the BURBERRY CHECK device, in some instances even indicating the articles with the name “Burbe.”

Burberry brought an action for unfair competition before the Court of First Instance of Milan, claiming that Gruppo Coin’s behavior amounted to unfair competition by slavish imitation.449

The Court of First Instance upheld Burberry’s claims, finding that the BURBERRY CHECK device, through continuous use on the part of the plaintiff, had come to identify Burberry in the eyes of consumers, thereby acquiring distinctiveness. Therefore, the Court held that Gruppo Coin’s manufacture, sale, and distribution

of articles reproducing the BURBERRY CHECK device constituted acts of unfair competition.

Accordingly, the Court enjoined Gruppo Coin from any further manufacture, sale, or distribution of the articles at issue, which were ordered to be recalled from the market and destroyed, along with any advertising material. The Court further ordered the decision to be published in the well-known Italian newspaper *Il Corriere della Sera* at Gruppo Coin’s expense.

Finally, Burberry was awarded damages in the amount of €150,000 and attorney’s fees in the amount of €11,500. Such a high award of damages is rare in intellectual property litigation in Italy.

**III.C. Injunctions and Damages**

Chanel S.A.S. filed a petition with the Court of Milan to obtain an *ex parte* preliminary injunction and seizure order against Metropolitan Museum S.r.l. and Just for You S.r.l. for their sale of T-shirts depicting an image of the famous Chanel No. 5 perfume, thus reproducing both the famous N° 5 trademark and the bottle device mark (see below):

![Image of Chanel No. 5 perfume bottle](image)

Therefore, this case was unusual, because it concerned the reproduction of a trademark owner’s product as a whole onto another product.

The Court held that Chanel had shown a likelihood of success on the merits, as the sale of T-shirts bearing a N° 5 mark placed within a bottle design identical to Chanel’s device mark constituted an infringement of Chanel’s rights on its indisputably famous marks, as well as an act of unfair competition for misappropriation of Chanel’s goodwill. Moreover, the Court held that the requisite of irreparable harm was inherent in cases of infringement such as this one because of the imminent and irreparable prejudice that such use of the mark causes its owner, the ensuing risk of association among the public, and the unfair advantage that the unlawful user enjoys.
Both requisites for injunctive remedies having been established, the Court granted Chanel an *ex parte* order for preliminary injunction and seizure against the defendants.450

In a similar case, Cartier International B.V. and Richemont Italia S.p.A. sought an *ex parte* order for preliminary injunction and seizure against New Galles S.r.l. and the sole proprietorship Amori Miei di Paolo Petrone, which were manufacturing and selling T-shirts reproducing not only the famous CARTIER mark but the well-known Tank watch model itself (see below).

The Court of First Instance of Milan, finding that the petitioners had shown both a likelihood of success on the merits and irreparable harm, not only granted an *ex parte* order for preliminary injunction and seizure against the defendants, but also ordered the production of the defendants’ accounting books and other documents (such as invoices and shipping documents) for the purpose of obtaining documentary evidence relating to the infringing activity and determining its actual extent.451

The availability of this last remedy in injunctive proceedings was previously disputed. However, with the enactment of the new Italian Industrial Property Code, the article that provides for this remedy has been amended so as to clarify the purposes for which it is granted.452 This case is, therefore, one of the first to grant the production of accounting books at the injunctive stage under the new Industrial Property Code.


452. Article 128.1 of the newly enacted Industrial Property Code provides: “The owner of an industrial property right may request that the production of the objects that constitute such right’s infringement, as well as the means for their production and the evidentiary elements relating to the alleged infringement and its extent, be ordered.”
III.F.3. Nullity

Ferrero S.p.A., the famous Italian chocolate company, obtained, in addition to a 1973 patent, a trademark registration in 1996 for its well-known KINDER SURPRISE bicolored chocolate egg. This registration covered the shape of two semi-oval parts forming an egg, each with a milk-colored inner coating and a chocolate-colored outer coating.

Upon the expiry of Ferrero’s patent, Zaini S.p.A. began marketing its own bicolored egg. Following Ferrero’s demands that it cease such activity, Zaini brought an action before the Court of Milan seeking a declaration of non-infringement of Ferrero’s trademark rights and of the nullity of Ferrero’s three-dimensional trademark registration.

Both the Court of First Instance and the Court of Appeal found for Zaini and declared Ferrero’s registration to be null. Ferrero then brought an appeal to the Italian Supreme Court.

The Supreme Court affirmed the decision of the Court of Appeal of Milan, finding that Article 18.1(c) of the Italian Trademark Act, which denies registration to functional shapes, is equally applicable to color combinations when they consist of a functional feature of the shape or form.

In this case, because the Court of First Instance, in its findings of fact, determined that Ferrero’s white-brown combination was intrinsically linked to the double-layered chocolate–milk egg shape and necessary to achieve the technical result, the color combination at issue fell within the scope of Article 18.1(c).

Further, the Supreme Court affirmed the lower court’s findings that Ferrero’s chocolate–milk color combination also gave “substantial value” to the product because it heavily affected the product’s nutritional value and was decisive for the product’s appreciation and selection by the average consumer. This color combination thus also corresponded to the third instance of non-registrability provided under Article 18.1(c).

Finally, the Supreme Court held that, because Ferrero’s color combination was functional, once the patent had expired the colored shape could be legitimately copied by competitors, with the consequence that no unfair competition could be claimed by Ferrero.


Article 18.1(c) states that the following may not be the subject of a trademark registration: “signs consisting exclusively of a shape imposed by the very nature of the goods, of a shape of goods which is necessary to obtain a technical result or of a shape which gives substantial value to the goods.”
In 1998, Pangborn Europe S.p.A. filed an action against Pangborn Corporation to have the Court of First Instance of Turin declare that Pangborn Europe enjoyed prior use rights on the marks PANGBORN and ROTOBLAST and, thus, Pangborn Corporation’s subsequent registrations for such marks should be transferred to Pangborn Europe or, alternatively, should be declared null.

The dispute arose from a number of complex corporate operations involving both parties. The plaintiff, an Italian company active in the iron and steel and engineering industries, claimed to have been using the mark PANGBORN since 1947, when the mark was owned by another company, and to have sold machinery bearing the PANGBORN mark since 1963 and the ROTOBLAST mark since 1965.

The defendant, a U.S. corporation also active in the iron and steel and engineering industries, was set up in 1904 by the Pangborn brothers. Its first machine identified with the PANGBORN mark was allegedly exported to Italy in 1948, while the first ROTOBLAST model was sent to Italy in 1949. Pangborn Corporation also owned registrations for the two marks since 1965. It claimed to have used these marks in Italy since the late 1940s by importing its products into Italy through its subsidiaries or related companies, one of which was Pangborn Europe. In fact, Pangborn Corporation explained that in 1963 both parties were acquired by the same holding company, at which point a license was granted by Pangborn Corporation to, *inter alia*, Pangborn Europe for the PANGBORN and ROTOBLAST marks.

According to Pangborn Corporation, until 1987 Pangborn Europe had therefore used the PANGBORN and ROTOBLAST marks as the Italian subsidiary of the group to which both parties belonged. After that date, other complex corporate acquisitions occurred, whereby Pangborn Europe was purchased by another entity and a new license agreement was entered into, which gave Pangborn Corporation the right to terminate the license should Pangborn Europe be subsequently acquired by a third party competitor. This happened in 1998, and Pangborn Corporation asked that Pangborn Europe cease all use of its marks.

On the basis of the above facts, the Court of First Instance dismissed Pangborn Europe’s action. Pangborn Europe then appealed, but the Court of Appeal of Turin affirmed the lower court’s decision, holding that Pangborn Europe had failed to show use of the marks at issue prior to Pangborn Corporation’s 1965 registrations.

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More importantly, the Court held that even if Pangborn Europe could have claimed prior use of the marks, Pangborn Corporation’s registered trademarks had become incontestable by virtue of their continued use in Italy by their owner’s licensee, that is, Pangborn Europe itself. In fact, because since 1987 Pangborn Europe’s use of the PANGBORN and ROTOBLAST marks was made under an express grant of license from Pangborn Corporation, Pangborn Europe’s very own use contributed to the registrations’ incontestability. Therefore, Pangborn Europe was now barred from challenging the validity of these marks.

### III.K. Counterfeiting Issues

A number of defendants appealed, before the Court of First Instance of Venice, their conviction for, inter alia, the crimes of counterfeiting and fencing under Articles 473, 474, and 648 of the Italian Criminal Code. The defendants had been found guilty of manufacturing, distributing, selling, and dealing in watches and watch parts that were counterfeits of both registered trademarks and designs of various companies, among them Rolex S.A., Cartier International B.V., and Compagnie Des Montres Longines Francillon S.A.

In rejecting the numerous grounds of appeal put forth by the defendants, the Court of Appeal of Venice firstly confirmed that, to determine the existence of the crime of counterfeiting under Article 473 of the Criminal Code, there is no need to examine in detail every single seized product or part to verify that sufficient alterations or modifications have been made so as to exclude a likelihood of confusion, if the court-appointed expert has already deemed that the reproductions are so slavish that they deceive the public as to the origin of the goods.

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Article 473 of the Criminal Code provides: “Whoever counterfeits or alters national or foreign trademarks or distinctive signs . . . or uses such counterfeit or altered trademarks or signs, shall be punished with imprisonment up to three years and a fine up to Euro 2,065. The same punishment will apply to whoever counterfeits or alters national or foreign patents, industrial designs or models . . . or uses such counterfeit or altered patents, designs or models . . . .”

Article 474 of the Criminal Code provides that “anyone . . . who introduces in the territory of the State for subsequent sale, or holds in order to sell or offers for sale, or otherwise puts in the stream of commerce . . . industrial products bearing counterfeit or altered national or foreign trademarks . . . shall be punished with imprisonment up to two years and a fine up to Euro 2,065.”

Article 648 of the Criminal Code provides that “anyone . . . who, in order to procure a profit for himself or others, purchases, receives or conceals money or things originating from any crime . . . shall be punished with imprisonment from two to eight years and a fine of Euro 516 to Euro 10,329.”

Secondly, in relation to the general intent required for the crime under Article 473 to subsist, the Court held that the fact that the defendants were qualified traders in the industry was sufficient to raise the presumption that they were aware of the trademark and design rights involved, as was the fact that the counterfeited marks and designs were those of some of the most famous companies in the field.

Finally, the Court of Appeal affirmed the principle that, for the purpose of proving the existence of the crimes at issue, the mere formal validity of a right (i.e., proof of the trademark’s registration) is sufficient even in the event that the defendant challenges the trademark’s substantial validity. In other words, the Court held that if a defendant deems a trademark to be null, he or she will have to seek its cancellation before a civil court before he or she can carry out acts that otherwise formally constitute an infringement of the same.

The Court of Appeal’s acceptance of a formally valid registration as sufficient for the crime of trademark counterfeiting, irrespective of its substantial validity, is in line with the majority of case law in Italy on the subject matter. This judicial consensus exists despite very strong criticisms from scholars based on the ground that, because the Italian Patent and Trademark Office does not carry out a substantial examination of each trademark application, a trademark’s registration does not in itself guarantee the mark’s substantial validity.

JORDAN

I.B.8.a. Similarity of Marks

The Registrar of Trademarks accepted the notice of opposition filed by Sifco Industries, Inc., owner of the trademark SIFCO in International Class 7, against the application for registration of the trademark SIFCO in Class 7, published for opposition in the name of a Jordanian company (see below).

The Registrar’s decision was based on the fact that the registration of SIFCO in the name of an unauthorized party would certainly lead to public confusion and would constitute unfair

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competition. The Registrar raised the fact that the opposed trademark constituted the main part of the name of the opposing company.

The fact that Sifco Industries, Inc. had not registered this trademark in Jordan did not affect the Registrar’s decision.

The Registrar of Trademarks accepted the notice of opposition filed by PepsiCo, Inc., owner of the trademark QUAVERS in Class 29, against the application for registration of the trademark JUAVERS in Class 29, published for opposition in the name of Halawani Industrial Co.

The Registrar’s decision was based on the fact that both trademarks are similar to the extent that public confusion is possible.

I.B.9.a. No Similarity of Marks

The Registrar of Trademarks rejected the notice of opposition filed against the application for registration of the trademark AGI ARAB GERMAN INSURANCE CO. LTD. & Device in International Class 16, published for opposition in the name of a Jordanian company (below, illustration at left).

The notice of opposition was based on the similarity between the opposing trademark and the prior-registered trademark AIG in Class 16, registered in the name of American International Group (below, illustration at right).

The Registrar’s decision was based on the fact that the similarity of the marks would not lead to public confusion, especially as the acronym AGI constituted the abbreviation of the

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name of the applicant and was added as a part of the opposed trademark.466


The Registrar of Trademarks accepted the notice of opposition filed against the application for registration of the trademark BRITOL & Device467 in International Class 5, published for opposition in the name of a Jordanian company (below, illustration at left).

The notice of opposition was based on the similarity between BRITOL & Device and the prior-registered trademark BRISTOL468 in Class 5 (below, illustration at right).

On appeal, the High Court of Justice reversed the Registrar’s decision and held that, owing to the difference in the goods covered—disinfectants versus pharmaceutical products—the similarity of the marks would not cause public confusion.469

The Registrar of Trademarks rejected the notice of opposition filed by the Bahraini firm Al-Amin Securities Co. B.S.C., owner of the trademark AL-AMIN470 in English and Arabic in Class 16 (below, illustration at left), against the application for registration of the trademark AL-AMIN FOR INTEGRATED SYSTEMS471 in Arabic in Class 29, published for opposition in the name of the Jordanian firm Raed Arabi Computer Corp. (below, illustration at right).


The Registrar decided that public confusion would not be possible because (1) there was a difference in the goods covered, (2) the trademark AL-AMIN in Class 16 was not a famous trademark, and (3) the opposed trademark constituted both the word AL-AMIN and other words.\(^{472}\)

### I.B.12. Famous Marks

The Registrar of Trademarks accepted the notice of opposition filed by Wrangler Apparel Corp., owner of the famous trademark WRANGLER\(^{473}\) in International Class 25 (below, illustration at left), against the application for registration of the trademark WRANGLER\(^{474}\) in Class 3, published for opposition in the name of a Jordanian company (below, illustration at right).

\[\text{Wrangler} \quad \text{WRANGLER}\]

The Registrar's decision was based on the fact that WRANGLER was considered a famous trademark and its registration in the name of any unauthorized party in a different class would certainly lead to unfair competition and public confusion.\(^{475}\)

The Registrar of Trademarks accepted the notice of opposition filed against the application for registration of the trademark BOZO\(^{476}\) in Class 29, published for opposition in the name of a Lebanese company (see below).

\[\text{بوزو} \quad \text{Bozo}\]

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The Registrar’s decision was based on the fact that BOZO was registered in several countries. The Registrar also considered that BOZO was the registered name of a famous cartoon character.

**I.B.14. House Marks**

The Registrar of Trademarks rejected the notice of opposition filed by Al-Haj Aref Abu Shehab & Sons Co. against the application for registration of the trademark ETI & Device in Class 30, published for opposition in the name of Eti Gida Sanayi ve Ticaret Anonim Sirketi (below, illustration at left).

The opposing party, which had been the commercial agent of the applicant, acted in bad faith by registering the trademark ETI & Device in its name (below, illustration at right). The Registrar’s decision was based on the following points:

1. ETI is the main part of the applicant’s name;
2. The applicant has used ETI as a house mark since 1979 outside Jordan and since 1984 in Jordan; and
3. The first user was entitled to registration.

**III.A.2.b. Similarity of Marks**

The Registrar of Trademarks accepted the cancellation action filed by Jaeger Co., owner of the famous trademark JAEGER in International Classes 10, 16, 18, 20, 23, 24, and 25, against the registration of the trademark JAGGER in Class 25 in the name of Mphd. Loai Nori Hamed & Partner.

The Registrar’s decision was based on the fact that (1) the similarity of the marks would lead to public confusion and (2)

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481. Not registered at the time the action was initiated.

because JAEGER was a famous trademark the registration of the trademark JAGGER by an unauthorized party would lead to public confusion and constitute unfair competition.483

III.A.8. Infringement of Unregistered Trademarks

The German company Nuga GmbH, owner of the trademark REBROFF, initiated an infringement action, based on the Unfair Competition Law, against the use of its trademark by an authorized party.

At the time the action was initiated, the REBROFF mark had not been registered or used in Jordan by the claimant.

The Court of First Instance rejected the case, as the claimant did not prove that REBROFF was used in Jordan.484

The Appeal Court affirmed the decision of the Court of First Instance.485 The Court of Cassation affirmed the Appeal Court’s decision.486

III.A.10. Nonuse of Trademark

The Registrar of Trademarks rejected a cancellation action based on nonuse filed by the Swiss company Tetra Laval Holding & Finance S.A., owner of the famous trademark TETRA487 in International Class 29 (below, illustration at left), against the registration of the trademark TATRA488 in Class 29 in the name of the Lebanese company Société Tabbara pour le Commerce et l’industrie S.A.L. (below, illustration at right).

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The Registrar accepted the owner’s evidence that the trademark was in use, in the face of the claimant’s evidence that the trademark was not being used.489

LITHUANIA

III.A.2.b. Similarity of Marks

Braun GmbH, a German company, brought an action for cancellation of the registration for the trademark BROWN by Inter Sound Sp. z.o.o., a Polish company, based on the similarity of the defendant’s mark to the plaintiff’s trademark BRAUN. The State Patent Bureau, having determined that the marks were similar in a visual and phonetic way, cancelled the registration for BROWN in Lithuania.490

In UAB Kraitene v. Plus Warenhandelsgesellschaft mbH, the plaintiff, a Lithuanian firm, requested the cancellation of the German defendant’s registration for the trademark ADMIRAL based on the mark’s similarity to the plaintiff’s trademark ADMIROLO. The State Patent Bureau held that the marks were similar in both a visual and a phonetic way, and therefore it cancelled the registration for ADMIRAL in Lithuania.491

Loris Azarro BV, a firm based in the Netherlands, sought cancellation of the registration for the trademark AZZARA REPUBLIC by Artūras Zuokas, a Lithuanian individual, on the ground that the defendant’s mark was similar to the plaintiff’s trademarks AZZARO and AZZURA AZZARO. The State Patent Bureau held that the marks were similar both visually and phonetically, and therefore it cancelled the defendant’s registration.492

In Industria de Diseno Textil S.A. v. Artūras Zuokas, the plaintiff, an Estonian firm, filed for the cancellation of the registration for the trademark AZZARA by the defendant, a Lithuanian individual, on the ground that the defendant’s mark was similar to the plaintiff’s trademark ZARA. The State Patent

Bureau, finding that the marks were visually and phonetically similar, cancelled the defendant’s registration.493

The German firm Boehringer Ingelheim Pharma GmbH & Co. KG requested the cancellation of the registration for the trademark TRICOR by the French company Fournier Industrie et Santé based on the similarity of the defendant’s mark to Boehringer’s trademark PRITOR. The State Patent Bureau ruled that the marks were similar in their visual and phonetic aspects, and cancelled the defendant’s registration.494

In UAB Vikeda v. BK-Food Poland S.p. z.o.o., the plaintiff, a Lithuanian firm, brought an action for cancellation of the registration for the trademark LAGUNA by the defendant, a Polish company, for goods in International Classes 29, 30, and 31, on the ground that the mark was similar to the plaintiff’s trademark LAGUNA, registered for goods in Classes 29 and 30. The State Patent Bureau, having found that the goods covered by the defendant’s registration were similar to Class 29 and 30 goods, ruled in partial satisfaction of the protest, cancelling the registration for LAGUNA with respect to “milk and milk products” in Class 29 and “pastries and sweet confection, ice cream” in Class 30.495

AB Naujoji Ringuva, a Lithuanian company, sought to cancel the registration by KF Read Line, a Russian limited liability company, for the trademark LINEA ROSSO, based on the similarity of that mark to the plaintiff’s trademark LINEA. The State Patent Bureau ruled that the marks were similar in a visual and phonetic way, and it cancelled the registration for LINEA ROSSO.496

Reaktif Tekstil Sanayi ve Ticaret Limited Sirketi, a Turkish firm, filed for the cancellation of the registration for the trademark REACTIVE by UAB Ergilita, a Lithuanian company, on the ground that the defendant’s mark was identical to the plaintiff’s trademark REACTIVE. The State Patent Bureau declared that the marks were identical in both a visual and a phonetic way, and accordingly it cancelled the defendant’s registration.497

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In *UAB Ineza v. Alen Mak AD*, the plaintiff, a Lithuanian firm, sought cancellation of the registration for the trademark IMPRESSION PLUS by the defendant, a Bulgarian company, because of the mark’s similarity to the plaintiff’s trademark IMPRESJA – PLUS. The State Patent Bureau declared that the marks were similar both visually and phonetically, and it cancelled the registration for IMPRESSION PLUS in Lithuania.498

Bayer Aktiengesellschaft, a German firm, sought cancellation of the registration for the trademark BANACOX by Novartis AG, a Chinese firm, on grounds that the mark was similar to its trademark BAYCOX. The State Patent Bureau held that the marks were similar in both a visual and a phonetic way, and it cancelled the registration for the defendant’s trademark in Lithuania.499

*AB Lituanica v. SMS-Eligita* involved two Lithuanian firms. The plaintiff sought cancellation of the registration for the defendant’s trademark LITUANICA on the ground that the mark was identical to the plaintiff’s corporate name. The State Patent Bureau ruled that the protested mark was indeed identical to the plaintiff’s firm name, and accordingly it cancelled the registration for LITUANICA in Lithuania.500

**III.A.11.a. No Similarity of Marks**

In *UAB Saules Spektras v. UAB Eniro Lietuva*, involving two Lithuanian companies, the plaintiff requested the cancellation of the registration for the defendant’s trademark VISA LIETUVA based on that mark’s similarity to the plaintiff’s trademark VISA STATYBA. The State Patent Bureau, however, ruled that the marks were not similar either visually or phonetically, and consequently it upheld the validity of the registration for VISA LIETUVA.501

*Reemtsma Cigarettenfabriken GmbH v. Hugo Boss AG* involved two German firms. The plaintiff sought cancellation of the registration for the defendant’s trademark HUGO HUGO BOSS based on the mark’s similarity to the plaintiff’s marks BOSS and BOSS LIGHTS. The State Patent Bureau, however, held that the marks were not similar either visually or phonetically, and it

therefore upheld the validity of the registration for HUGO BOSS in Lithuania.502

III.A.26. Bad Faith

In *Phenomenon Agents Limited v. Akai Universal Industries Ltd.*, the plaintiff, a Singaporean firm, sought cancellation of the registration for the trademark AKAI on the ground that the defendant, a Chinese company, had filed its application in bad faith. The State Patent Bureau found that the registration violated the provisions of the Law on Trademarks of the Republic of Lithuania relating to bad faith, and accordingly it cancelled the registration for AKAI.503

Walton International Limited, a Cayman Islands firm, brought an action for cancellation of the registration for the trademark GIORDANO by Arvydas Povilaika, a Lithuanian individual, alleging that the defendant’s application was filed in bad faith. The State Patent Bureau held that Walton did not establish that Mr. Povilaika had acted in bad faith in violation of the provision of the Law on Trademarks prohibiting an interested person from carrying out any actions restricting competition, and it affirmed the validity of his registration for GIORDANO.504

The Spanish company Especialidades Luminotechnicas SA filed for the cancellation of the registration for the trademark ELT by the Lithuanian company UAB Elektroninės technologijos, on the ground that the defendant’s application had been made in bad faith. The State Patent Bureau ruled that the plaintiff did not establish that the defendant had acted in bad faith by taking any actions restricting competition, and therefore it upheld the validity of the registration for ELT.505

In *Renaissance Hotel Holdings, Inc. v. Arvydas Povilaika*, the plaintiff, a U.S. corporation, requested the cancellation of the registration for the trademark RENAISSANCE by Arvydas Povilaika, a Lithuanian individual, on the ground that the registrant acted in bad faith. The State Patent Bureau declared that the registration of the defendant’s mark violated the

provisions of the Law on Trademarks relating to bad faith, and it ordered that the registration be cancelled.\textsuperscript{506}

In Montblanc-Simplo GmbH \textit{v.} Zakłady Tytoniowe \textit{w} Lublinie SA, the plaintiff, a German firm, sought cancellation of the registration for the trademark MONT BLANC on the ground that the defendant, a Polish company, acted in bad faith. The State Patent Bureau ruled that the plaintiff did not establish that in registering its trademark the defendant had acted in bad faith in respect of an interested person carrying out any actions restricting competition, and therefore it upheld the validity of the registration for MONT BLANC in Lithuania.\textsuperscript{507}

\textbf{NEW ZEALAND}

\textit{I.B.7.b. Three-Dimensional Marks}

In Fredco Trading Ltd \textit{v.} Miller,\textsuperscript{508} the New Zealand High Court considered an application by Fredco Trading to revoke a trademark registration for the shape of a horticultural plastic vine tie.

This case is significant because it was the first time that the High Court had considered the registrability of shape trademarks under the Trade Marks Act 2002 (2002 Act). No dispute concerning the registrability of shape marks under the former Trade Marks Act 1953 had reached the High Court. The judgment also contains a useful consideration of the level of distinctiveness required for registrability under the 2002 Act.

The decision of Justice Venning confirmed that the shape of a functional article, previously patented by the applicant for trademark registration, was capable of registration as a trademark. The test applied under the 2002 Act is whether the shape has inherent distinctive character or whether it has acquired distinctive character through use.

The High Court held that the three-dimensional shape of a previously patented vine tie, used in the kiwifruit industry for securing fruit vines, was registrable as a trademark on the basis that the applicant had shown that the shape had acquired distinctive character through extensive use. Miller submitted evidence that consumers could identify him as the supplier of the vine tie from the shape of the vine tie alone.

\textsuperscript{506} Protest No. 1452, Decision No. 758, issued January 28, 2005.

\textsuperscript{507} Protest No. 1433, Decision No. 760, issued February 8, 2005.

\textsuperscript{508} Case No. CIV 2004-404-000895 (High Court, Auckland, December 16, 2004) (Venning, J.) (unreported).
Not surprisingly, such acquired distinctiveness was easy enough to show, as the vine tie had been the exclusive monopoly of Miller for the 20-year life span of the now-expired patent.

Evidence showed that Miller had sold more than one billion vine ties through his company while the patent was in force. Miller applied for registration of the vine tie shape as a trademark only after the patent had expired and he became aware that Fredco had started using a vine tie identical in shape to his previously patented one.

It is certainly an arguable point whether it was ever the intention of the New Zealand Parliament to extend further the life of a patent by conferring trademark rights on the shape of the patented product. The essence of patent law is to encourage competition by limiting the monopoly enjoyed by the patent holder to 20 years, so as to give the patent holder sufficient time to profit from its innovative product. However, this decision could be seen as an extension in perpetuity of a patent by allowing the shape of the product to be monopolized as a trademark by the former patent owner, simply because the owner was able to show, through evidence of extensive use, that the shape had acquired a distinctive character warranting its registration as a trademark. The consequence of enduring monopolies for functional-shaped items could be a stifling of competition, as the best designs for a particular product could be protected by a trademark registration.

Fredco has appealed the High Court’s decision to the Court of Appeal. The case is scheduled to be heard in the Court of Appeal early in 2006. This will be the first time that the Court of Appeal considers the registrability of shape marks. It will also mark the first time that the Court of Appeal rules on the registrability of a trademark under the 2002 Act.

I.B.10. Deceptive Marks

In Valley Girl Co. Ltd v. Hanama Collection Pty Ltd et al., the New Zealand High Court considered the case of a New Zealand supplier accused of appropriating the trademark of an Australian retailer.

Hanama Collection Pty Ltd owned and used the trademark VALLEYGIRL in Australia in relation to clothing and accessories. The sole director of Valley Girl Co. Ltd was a supplier to Hanama. The relationship broke down, and Valley Girl applied for the registration of the mark VALLEYGIRL, to cover “clothing retail.” Hanama successfully opposed Valley Girl’s application before the Assistant Commissioner of Trademarks. Valley Girl appealed the decision.

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The High Court dismissed the appeal. Justice Miller held that it was open for the Assistant Commissioner to conclude that Hanama had established awareness of its VALLEYGIRL mark in New Zealand, based on the nature and extent of the mark’s use in Australia and travel statistics between Australia and New Zealand. The travel statistics showed that Australia was the number one travel destination for New Zealanders and that there were a significant number of Australians traveling to, and living in, New Zealand. Accordingly, Justice Miller upheld the Assistant Commissioner’s finding that because the respective marks were identical, any person who was aware of Hanama’s mark was likely to be confused or deceived on seeing Valley Girl’s mark in New Zealand.

Justice Miller also confirmed that courts view the appropriation of a foreign mark with suspicion, and in these circumstances, where Valley Girl had appropriated the same mark for services in the same class, it was, perhaps, easier to draw the inference that the mark was valuable to Valley Girl precisely because it had some measure of recognition in New Zealand.

The High Court held that Valley Girl had failed to establish proprietorship of the mark, because there was no evidence that the company used or intended to use the mark in New Zealand as at the application date. However, Justice Miller disagreed with the Assistant Commissioner’s finding that Hanama had established proprietorship. He held that Hanama’s intention to offer goods in New Zealand at some future time was not sufficient to establish intention to use.

Finally, the High Court rejected Hanama’s claims of breach of duty, fraud, or bad faith by Valley Girl. It is important to note, however, that this case was decided under the former Trade Marks Act 1953. The Trade Marks Act 2002 (2002 Act) contains a specific prohibition on applications made in bad faith. Under the 2002 Act, Justice Miller’s holding on bad faith might well have been different.

This case is of interest because the High Court upheld the Australian retailer’s opposition to the registration of its mark in New Zealand even though the retailer had not yet started trading in New Zealand.

I.B.20. Color

In Cadbury Ltd v. JH Whittaker & Sons Ltd,510 the Assistant Commissioner of Trademarks allowed Cadbury’s application to register the color purple in International Class 30 for “block
chocolate, chocolate in bar or tablet form.” The color mark was described as follows:

The mark consists of the color purple, as shown in the representation attached to the application, applied by any process, as the predominant color to the wrapping, packaging or promotional material used on or in association with the goods.

JH Whittaker & Sons (Whittakers) opposed the application. As the application was filed before the Trade Marks Act 2002 (2002 Act) came into force, it was decided under the provisions of the former Trade Marks Act 1953 (1953 Act). The main grounds in the opposition proceedings were that:

1. The mark was not a trademark within the meaning of Section 2 of the 1953 Act; and
2. The mark was not registrable under Section 14 or 15 of the 1953 Act.

For a color mark to qualify as a trademark within the meaning of Section 2 of the 1953 Act, it must be a sign that is capable of being represented graphically and capable of distinguishing the goods of one person from those of another.

Whittakers argued that a single color was not a sign that could be represented graphically, or that, if it could be so represented, Cadbury had failed to define the mark adequately.

The Assistant Commissioner rejected this argument, holding that the color purple was a sign capable of being represented graphically, and that Cadbury had adequately described the scope of its color mark (subject to Cadbury’s amending the description of the mark by including the appropriate PANTONE color code).

Whittakers also argued that, in the same way that orange was inherently generic for orange juice, use of the color purple was generic for fruit-flavored chocolate, in particular, berry- or raisin-flavored chocolate.

The Assistant Commissioner accepted that the color purple might have different functions, such as being decorative or indicative of a product range or flavor of a purple-colored fruit or ingredient; but the evidence in the case did not establish that these functions were at the generic end of the spectrum for chocolate. Accordingly, the Assistant Commissioner found that the color purple was capable of distinguishing Cadbury’s goods from those of other manufacturers.

With regard to the registrability of Cadbury’s mark, both parties accepted that single-color marks had a low level of inherent distinctiveness. To overcome the mark’s low level of inherent distinctiveness, Cadbury had to establish a very substantial level of factual distinctiveness by reason of its extensive use of the mark. The Assistant Commissioner found that Cadbury’s evidence
established that it had used the color purple extensively since the 1920s as the predominant background color on the packaging of Cadbury’s milk chocolate products.

The Assistant Commissioner then went on to consider what consumers and sellers would understand the mark to consist of, and whether they would perceive the mark as a badge of origin. He held that Cadbury’s extensive, continuous, and largely consistent use of the color purple on the packaging of its milk chocolate products, plus Cadbury’s specific attempts to educate the public to perceive the color purple as a badge of origin, were likely to result in the public’s perceiving the color purple as functioning as a badge of origin for Cadbury’s goods.

This conclusion was supported by Cadbury’s survey evidence, which showed that the public had a strong association between Cadbury and the color purple. Accordingly, the Assistant Commissioner held that Cadbury had established that the mark was factually distinctive and eligible for registration.

NORWAY

I.A.2. Assignments

On December 22, 2004, the Borgarting Lagmannsrett (Borgarting Appeal Court) upheld the decision of the Oslo Byfogdembete (Oslo City Court) denying the plaintiff, Viksund Asia (PVT) AS, a preliminary injunction prohibiting the use of the trademark WITH for boats.

The Court found that the plaintiff had not sufficiently proven either its right to the trademark WITH or the necessity for an immediate halt to the continued use of the mark by the defendant, With Boats AS, Norway.

The Appeal Court’s decision was based mainly on an agreement between the previous assignor and assignee, which provided that the assignee would take over all rights to the WITH name and governed the parties’ later conduct. “Name” was regarded as including trademark rights in this situation.

The defendant was awarded costs for the Appeal Court.511

I.B.9.a. No Similarity of Marks

The Oslo City Court reversed the decision of the Second Division of the Norwegian Patent Office and allowed the registration of the trademark ELTORRO, covering wine in International Class 33.

Ruling on November 5, 2004, the Court held that there was no risk of confusion between the ELTORRO mark and the previously

511. Published Lovdata LB-2004-42371.
registered trademark TORRES, covering wine in International Class 33. It noted that the ELTORRO and TORRES marks had been used side by side for years in Norway without any resulting confusion among consumers.

The Court found that the phonetic and visual differences between the marks were sufficient to allow registration. Moreover, the likely semantic interpretation of the ELTORRO mark differentiated it from the TORRES mark, even if only a limited number of consumers in Norway understood Spanish.

Finally, the Court observed that wine drinkers in general are trademark conscious and therefore less prone to confuse trademarks, as was shown in this case. Accordingly, the Oslo City Court found that the Patent Office’s decision refusing registration was invalid, and it referred the matter back to the Patent Office for the registration of the trademark ELTORRO.512

III.A.12. Lack of Distinctiveness

On January 4, 2005, the Borgarting Appeal Court reversed the Norwegian Patent Office’s decision to register the trademark GULE SIDER (“YELLOW PAGES”) in the name of Findexa AS.

The Court held that Findexa AS did not sufficiently prove that its mark had achieved distinctiveness through use, separately from the registered trademark TELEFONKATALOGEN (“TELEPHONE CATALOGUE,” the telephone directory’s Yellow Pages or business section), the latter mark being generally well known in Norway.513

The Appeal Court considered the need for freedom of speech as being of greater importance. Use of “Yellow Pages” for various trade indexes goes back many years, and the term is used in many countries. The Court found that Findexa AS did not show that it had acquired trademark rights in GULE SIDER by extensive use of the mark, in accordance with Section 2 of the Norwegian Trademarks Act.514

Consequently, Findexa AS could not prevent the appellant, Firma-Katalogen AS, from using the phrase “Gule Sider,” either on its own or in several combinations. Findexa AS’s claim for damages was disallowed.

Findexa AS had to cover Firma-Katalogen AS’s legal costs.515

512. Published Lovdata TOSLO-2004-6764.
513. Section 13 of the Norwegian Trademarks Act provides, in part: “A trademark that is to be registered must be capable of distinguishing the goods of the holder from those of others.”
514. Section 2 provides: “The exclusive right to a trademark may also be acquired without registration when the trademark is established by use. A trademark is considered to be established by use when it is well known within the circle of trade concerned in this country as a distinctive sign for someone’s goods.”
515. Published Lovdata LB-2003-9931.
III.H.1. Amendments to Marks

The decision of the Second Division, Norwegian Patent Office, disallowing changes to the device of a registered trademark was upheld by the Oslo City Court on February 4, 2005.

The Court found that the suggested changes in the mark would be significant. It agreed with the Patent Office that whether an average consumer would apprehend the changes as insignificant was not a decisive factor.

In particular, the registrant’s request for changes of colors would, the Court held, lead to refusal of re-registration.

Each party was responsible for its own legal costs.516

V. Domain Names

On August 11, 2004, the Borgarting Appeal Court upheld the Oslo City Court’s decision denying request by the plaintiff, finn.no AS, for a preliminary injunction. The plaintiff alleged that the use of the domain name nettfinn.no by the defendant, Telecom Europe AS, represented infringement of the plaintiff’s rights in its registered trademark FINN.

The Oslo City Court had previously denied finn.no AS's request for a preliminary injunction against another defendant.517 In this case, the Borgarting Appeal Court again agreed that no trademark infringement had occurred.

The Appeal Court held that the existence of finn.no AS’s trademark FINN did not prevent Telecom Europe AS from using nettfinn.no as a domain name. Nor did the plaintiff’s company name represent any additional rights that would allow the plaintiff to prevent the defendant’s use of that domain name.

Neither party was awarded costs.518

PARAGUAY

III.A.1. Famous Marks

On December 6, 1996, the Spanish firm Dorpan S.L. filed a nullity action against the trademark registration for GRUPO SOL, registered on October 8, 1993, by the Paraguayan firm Grupo Sol S.R.L. for services in International Class 42.

The plaintiff alleged that the defendant acted in bad faith when it registered GRUPO SOL, citing its own registrations for GRUPO SOL in Spain and in other countries. In addition, the plaintiff asserted that GRUPO SOL was a notorious mark.

516. Published Lovdata TOSLO-2004-34421.
517. See 95 TMR 508 (2005).
518. Published Lovdata LB-2004-32171.
The defendant answered that the plaintiff's action was prohibited, as the trademark law in force at the time that the action was initiated had established a two-year period, counting from the date of issuance of the certificate of registration of a trademark, for filing a nullity action. The defendant argued, further, that the plaintiff could not allege that GRUPO SOL was a notorious trademark worldwide and that, moreover, the plaintiff did not prove that the defendant had acted in bad faith.

The Judge of First Instance in Civil and Commercial Matters issued a decision annulling the Paraguayan registration. The defendant appealed.

The Appellate Chamber, when studying the case, considered the law in force at the time the plaintiff's action was filed—that is, Trademark Law No. 751. According to that law, the action was proscribed because it was initiated more than three years after the issuance of the certificate of registration of the defendant's trademark GRUPO SOL. Therefore, the appellate court revoked the decision of the Judge of First Instance and rejected the nullity action filed by Dorpan.

Dorpan appealed before the Supreme Court of Justice. The Court, in evaluating the situation, noted that the Spanish firm had alleged that the registrant had acted in bad faith in registering a supposedly notorious trademark in its name. Dorpan also had invoked in its complaint Trademark Law No. 1294, in force since 1998, and the Paris Convention, in force in Paraguay since 1994. Both documents provide that there is no time limitation for filing a nullity action in connection with a trademark registration when there has been bad faith in the proceedings or the registration obtained is null.

The Supreme Court noted, further, that a notorious trademark is one that is generally known in the interested commercial circle and that attached to such general knowledge is an important reputation. This quality, the Court stated, is measured in relation to a specific territory, not all the world. When this notoriety is extended to all countries, one is confronted with a trademark “notorious worldwide.” In view of this fact, one can state with assurance that there are notorious trademarks only in certain countries. The Court established that the defendant’s trademark GRUPO SOL, at the time of its registration in Paraguay, could not have had the rank of notorious trademark within the country. Furthermore, taking into consideration the fact that Dorpan's registration of GRUPO SOL in Spain was obtained in 1989 and the

519. Trademark Law No. 751, which dated from 1979. The statute was superseded by Trademark Law No. 1294, which became effective in 1998.


defendant obtained the Paraguayan registration of the same trademark in 1993, it was impossible that GRUPO SOL had acquired notoriety in such a short term.

If, the Court reasoned, the trademark was not notorious, the bad faith alleged by the plaintiff could not exist. The Court further found that, bearing in mind that more than three years had passed since the registration of the defendant’s trademark GRUPO SOL was granted, the period for filing a nullity action against the same was already exhausted, according to the trademark law in force when the action was initiated (i.e., Trademark Law No. 751).

Accordingly, the Supreme Court of Justice upheld the decision of the Appellate Chamber and rejected the nullity action filed by Dorpan.522

This case is significant because the Supreme Court established that even if a trademark is known in several countries and identifies products of great quality, it cannot be considered as notorious in Paraguay if it is not well known in the pertinent sector of the public within the country.

PHILIPPINES

III.A.21. Staying of Court Action

In *Levi Strauss (Phils.), Inc. v. Vogue Traders Clothing Co.*,523 Levi Strauss, as registrant of the LEVI’S trademark, filed a petition before the Intellectual Property Office (IPO) to cancel Vogue Traders’ registered trademarks LIVE’S and LIVE’S LABEL MARK. Shortly thereafter, the petitioner filed criminal charges for infringement and unfair competition against the owner of the respondent company with the Department of Justice (DOJ), which determines the existence of a prima facie case before the corresponding criminal charges are filed in court. After the charges were dismissed by the DOJ, the defendant owner of Vogue Traders, in retaliation, filed a complaint for damages against Levi Strauss in the regular trial court.

In the latter case, Levi Strauss included in its answer a counterclaim for infringement with a prayer for a preliminary injunction to enjoin Vogue Traders from manufacturing and selling jeans bearing the contested trademarks. When the trial court issued an order granting the writ of preliminary injunction, Vogue Traders questioned the order before the Supreme Court as amounting to a prejudgment of its complaint. The company contended that the resolution of the cancellation case before the

523. G.R. No. 132993, 462 SCRA 52 (June 29, 2005).
IPO constituted a prejudicial question that should be resolved before any such order could issue.

The Supreme Court ruled against Vogue Traders. It held that regular courts can proceed with an action for infringement and/or any other incidental remedy (e.g., a preliminary injunction) involving a registered trademark independently of the administrative cancellation proceedings before the IPO, and that the resolution of said cancellation proceedings does not constitute a prejudicial question vis-à-vis the infringement action and preliminary injunction request.

It should be noted that in the Philippines the owner of an unregistered trademark can bring an action only for unfair competition, while a trademark registrant can initiate either or both an infringement action and an action for unfair competition.

III.B.6. Configuration of Goods

The issue in *NBI-Microsoft Corp. v. Huang* was whether the respondents, a former licensed dealer of Microsoft products, were guilty of unfair competition under Article 189(1) of the Philippine Revised Penal Code. Under Article 189(1), the offense is considered to have been committed if the offender sells goods that have the general appearance of the goods of another manufacturer or dealer, with the actual intent of deceiving the public or defrauding a competitor.

The respondents, whose licensing contract was terminated by petitioner Microsoft for nonpayment of royalties, were found to have sold “non-installer” CD-ROMs. These, to judge from pictures of their packaging, could not be distinguished from genuine Microsoft software; moreover, their contents were similar to genuine Microsoft software but were not accompanied by standard features of genuine Microsoft products, such as end-user license agreements, user’s manuals, registration cards, or certificates of authenticity.

The Supreme Court found the respondents guilty of unfair competition. The Court considered the close similarity of the fake CD-ROMs to the genuine Microsoft software as evidence of intent to deceive.

III.C. Injunctions and Damages

By virtue of their trademark registration for DOCKERS & Design, petitioners Levi Strauss & Co. and Levi Strauss (Phils.), Inc. filed an action for infringement with a prayer for injunction and damages against respondent Clinton Apparelle, Inc., which manufactures jeans and other apparel bearing the brand name

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524. G.R. No. 147043, 460 SCRA 428 (June 21, 2005).
PADDOCKS with a device similar to the petitioners’ wing-shaped design or logo.

In ruling that the injunctive relief granted by the trial court to the petitioners was not meritorious, the Philippine Supreme Court held that it was not clear whether the petitioners’ single registration for DOCKERS & Design entitled them to prevent the use of a part thereof (the design) and whether such use by the respondent was a substantial invasion of the petitioners’ rights. The Supreme Court added that it was not evident whether the wing-shaped logo, juxtaposed against the word mark, was the dominant feature of the petitioners’ trademark that remained in the mind of the public and created the possibility of confusion and, by extension, infringement. These issues, according to the Court, were still unresolved and could be determined only after a full trial. Notably, the Court did not comment on the substantial similarity of the second syllable of the respondent’s brand name PADDocks and the first syllable of the petitioners’ trademark DOCKERS, in addition to the identical logos.

The Supreme Court did not explain why it considered the results of a survey report (showing confusing similarity) inadequate proof of the dilution relied heavily upon by the petitioners to justify their request for an injunctive writ. The Court could have commented that the Philippines as yet has no anti-dilution statute, although dilution has been mentioned in passing in Philippine jurisprudence as far back as the Philippine Supreme Court’s 1942 decision in Ang v. Teodoro. Instead, the Supreme Court cited a 1996 U.S. district court case, Toys “R” Us v. Akkaoui.

PORTUGAL

I.B.9.a. No Similarity of Marks

Euro-Labor–Laboratórios de Síntese Química e de Especialidades Farmacêuticas, S.A. filed an appeal against the decision of the Portuguese Industrial Property Office granting the registration of the Portuguese trademark OMELOSEC, for “pharmaceutical preparations and substances” in Class 5. The appellant argued that the mark was extremely similar to its

526. 74 Phil. 50 (1942).
527. 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996) (granting plaintiffs’ motion for preliminary injunction enjoining defendants from using the name “Adults R Us” or any colorable variation on plaintiffs’ trademark).
trademark OMEZOLAN, designating “a pharmaceutical speciality to be used in gastroduodenal therapy” in Class 5,\(^\text{529}\) and, as such, the coexistence between both trademarks could mislead consumers.

The court upheld the decision of the Industrial Property Office. It considered that, as both trademarks covered pharmaceutical products, it would not be surprising that they had very similar initial or final word elements, because the medicines would suggest and refer to the pathology for which they were intended, the organ aimed at, or even the active ingredient of the drug.

In its decision, the court also commented on who could be considered the “average consumer” in the case of medicaments. It concluded that medicines that should be sold by medical prescription were, in fact, very often sold without it and that, in view of the nature and the risks associated with products of this kind, it was necessary to adopt a prudent position, favourable from the consumers’ perspective and unfavourable to specialised consumers.

Nevertheless, considering that the average consumer was an ordinary person, the court held that the conflicting trademarks were graphically and phonetically different and that, as such, they were not confusingly similar.\(^\text{530}\)

PT PRIME–Soluções Empresariais de Telecomunicações e Sistemas, S.A. filed an appeal against the decision of the Portuguese Industrial Property Office that granted the registration of the trademark IWAYTRADE.COM, designating “Internet sales services” in International Class 35 and “distance training services; distance consultancy services in the field of training” in Class 41.\(^\text{531}\) The appellant claimed that the mark in question reproduced in full its TRADECOM trademarks.\(^\text{532}\)

The court rejected the appeal and affirmed the decision of the Industrial Property Office. It held that the word TRADE belonged to the English language and therefore had doubtful distinctive character, and that the words should be analysed as a whole. In this regard, it should be pointed out that the court considered that the word element IWAY was clearly different from the appellant’s

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532. Registration No. 345.545 (composite mark), granted on April 11, 2001, and designating goods and services in Classes 9, 36, 38, and 42, as well as “advanced electronic commerce services, commercial information not included in other classes, advertising and business management” in Class 35; Registration No. 345.333, granted on November 24, 2000, and designating goods and services in Classes 9 and 38 and the above-described services in Class 35.
signs; for that reason, the court ruled that the trademarks were not confusingly similar.533

Unilever NV filed an appeal against the decision of the Portuguese Industrial Property Office that granted protection in Portugal for the International trademark FLORIO, designating “Panse de thon et ‘tarantello’ de thon, thonine, sardines, maquereaux, anchois, y compris sous forme de conserves” in International Class 29.534 The appellant alleged that it was the owner of various FLORA trademarks covering goods that were similar to or had affinity with those designated by the appellee’s trademark.

Unilever is the owner of three Portuguese national trademarks, all of which are composed of the word element FLORA and all of which designate various goods in Class 29, including edible fats.535

The court found that there was no affinity between the goods designated by the trademarks in question, as the goods designated by the appellee’s trademark were not “edible fats,” as was the case with the goods designated by the appellant’s trademark.

Notwithstanding this finding, the court held that there was not enough similarity between the two trademarks to constitute imitation.536 It found that their endings, “A” and “IO,” were sufficiently dissimilar to confer a distinctive character on the trademark to be registered, and that the trademarks would be easily distinguished by the average consumer.

The court concluded by stating that as there was no similarity between the trademarks, it was not necessary to analyse the alleged well-known status of the appellant’s marks, even though the trademark FLORA has been used on the Portuguese market since 1980 and is known by the whole of the Portuguese population as a result of the advertising campaigns carried out for this mark, which has become so much a part of everyday life that today there may not be a single Portuguese person who does not know the saying, “FLORA is the taste that bread adores!”537

534. Application for protection in Portugal of International Registration No. 739.463, filed on May 12, 2000, claiming an Italian priority of December 29, 1999.
535. Registration Nos. 241.155 FLORA (composite mark), protected in Portugal since August 1, 1991; 239.498 FLORA (composite mark), protected in Portugal since April 29, 1991; and 233.088 FLORA (word mark), protected in Portugal since May 8, 1991.
537. Advertising slogan for the trademark FLORA that contributed greatly to making it, in the contributors’ opinion, a well-known mark (the original Portuguese version of this slogan was “FLORA é o sabor que o pão adora”).
CIMPOR–Cimentos de Portugal, S.G.P.S., S.A. filed an appeal against the decision of the Portuguese Industrial Property Office that granted registration of the trademark SINPOR, covering “pharmaceutical specialities” in Class 5.\(^{538}\) on the ground that even though the mark at issue was intended for a different field of activity than the appellant’s registered trademark CIMPOR, the appellant’s company name and name of establishment merited total protection.

The court considered the similarity between the trademarks to be unquestionable. However, as they did not designate services that were identical or had affinity, the court focused on an analysis of the well-known status of the trademarks and trademarks with a reputation. It concluded that the trademark CIMPOR\(^ {539}\) did not have a reputation, even though it had been associated with the Portuguese cement industry for several decades.

In view of the absence of elements demonstrating that the appellant’s mark had a “reputation,” the court dispensed with an analysis of the other requirements relating to the grounds that led the appellee to register the trademark SINPOR even though, in Portuguese, CIMPOR and SINPOR are pronounced in exactly the same way and it is therefore impossible to distinguish between them from an oral point of view.

The court held that the application for registration of the trademark SINPOR did not constitute parasitic conduct and that the appellee had not exceeded the limits of good faith. Therefore, it upheld the decision of the Industrial Property Office and granted the registration.\(^ {540}\)

Hugo Boss AG filed an appeal against the Portuguese Industrial Property Office’s decision partially refusing protection in Portugal for the International Registration for the trademark BOSS, designating, among other goods in International Class 34, “tobacco products, lighters.”\(^ {541}\)

An opposition was filed against the application for protection by the company Tobacna Ljubljana on the basis of its International Registration for the trademark BOSS, designating “cigarettes” in

\(^{538}\) Application No. 331.344, filed on July 8, 1998. Registration was granted on November 15, 2001.

\(^{539}\) Logo No. 1587; Emblem of Establishment No. 7029; Name of Establishment No. 30613; Registration Nos. 236.714, 333.625, 333.653, and 358.394; IR Nos. 709.742 and 709.775; and Community Trade Mark No. 1.009.570.


\(^{541}\) Application for protection in Portugal of International Registration No. 773.035 (word mark), filed on August 16, 2001.
The company argued that its trademark was imitated by the designation BOSS in the appellant’s mark.

The court recognised that the opponent’s right was earlier (even though there was pending a judicial appeal the result of which is still unknown), that the trademarks designated goods with clear affinity, and that their word elements were identical—in other words, that the three requirements for imitation stipulated by law were duly met. For this reason, the court proposed the partial refusal of protection for the appellant’s trademark with respect to “tobacco” in Class 34.543

However, the court added that the trademarks BOSS and HUGO BOSS currently have a reputation. Thus, in spite of the priority of the opponent’s registration, the fact that the trademarks were identical would not mislead the average consumer. In fact, the court concluded that consumers would be misled to the contrary—that is, the earlier mark could be considered as being new and be attributed to the appellant.

The court held that this interpretation openly violated the spirit of Article 193 of the Portuguese Industrial Property Code and was inadmissible. Therefore, it ruled that the Portuguese Industrial Property Office’s partial refusal of registration was incorrect, and granted protection for the appellant’s trademark BOSS.

I.B.22. Distinctiveness

Artes e Leilões–Sociedade Editorial, S.A. filed an appeal against the decision of the Portuguese Industrial Property Office that refused the registration of the trademark REVISTA LIVROS, covering “periodical publications” in Class 16.544 The Industrial Property Office refused registration on the ground that the trademark lacked distinctive character, as it was composed exclusively of an expression that designated the nature of the goods that it covered.

The court considered that because REVISTA (“magazine”) and LIVROS (“books”) are terms that cannot be appropriated in isolation, the trademark could not be broken down into or analysed in respect of its component parts. Rather, to assess whether it could be registered, the mark had to be analysed as a whole.

In this regard, the court considered that the trademark in question is a strong sign that would be retained in consumers’

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542. IR No. 641.059.
544. Application No. 357.691, filed on July 24, 2001. Registration was granted on October 8, 2004.
memories. Therefore, the court held that the mark should be allowed to proceed to registration.\textsuperscript{545} Registration of this trademark, the court stressed, did not give the appellant a monopoly in respect of the terms \textit{revista} and \textit{livros}; the appellant’s right of exclusive use extended only to the trademark \textsc{revista livros}. The court added that the appellant’s trademark was not generic or usual and that it was capable of distinguishing not just the goods that it designated but their origin as well; thus, there were no grounds for refusing the mark’s registration.

IMOSTEEL–Empreendimentos Imobiliários Lda filed an appeal against the decision of the Portuguese Industrial Property Office that refused the registration of the trademark SMART RESIDENCE, designating “real estate promotion” services in International Class 35.\textsuperscript{546} Registration was refused on the ground that the trademark lacked distinctive character because the expression SMART RESIDENCE referred to the type of construction covered by the promotional services that the trademark designated (i.e., “smart residences” because they integrate various technologies).

The court considered that because SMART and RESIDENCE are terms that could not be appropriated in isolation, the mark could not be broken down into or analysed in respect of its component parts. In order to assess whether it could be registered, the trademark had to be analysed as a whole.

In this regard, the court considered that the trademark in question was a strong sign that would be retained in consumers’ memories. Therefore, it held that the registration of the mark should be granted.\textsuperscript{547}

The court stressed that this trademark did not give the appellant a monopoly in respect of the terms SMART and RESIDENCE, and that the appellant’s right of exclusive use extended only to the trademark SMART RESIDENCE. It added that the appellant’s trademark was not generic or usual and was capable of distinguishing the goods that it designated, as well as their origin—in other words, that there were no grounds for the refusal of the registration.


\textsuperscript{546} Application No. 370.365, filed on February 25, 2003. Registration was granted on February 23, 2005.

After the decision of the Court of Commerce of Lisbon, which held that the plaintiff, Renova–Fábrica de Papel do Almonda, S.A., was in the right, the defendant, Indústrias de Papel Coelhos, Lda, filed an appeal with the High Court, which revoked the decision of the court of first instance and ruled in favor of the appellant. Renova lodged an appeal with the Supreme Court of Justice. The Supreme Court confirmed the High Court’s decision and brought an end to these litigation proceedings.

The understanding of the Supreme Court of Justice was based on the following findings:

- There was no graphic, figurative, or phonetic similarity between Renova’s mark RENOVA and the appellee’s mark PÉROLA, but simply between the product packaging (i.e., the plastic wrapping) and the label, bearing the PÉROLA mark, that appears on it.

- Both of these word elements were inserted inside a blue rectangle. (The Supreme Court held, however, that a colour in itself cannot create similarity between two trademarks that are different in respect of their other elements.)

- As the mark affixed to the appellee’s products did not display the figure of a wave that was contained in Renova’s mark and the words RENOVÁ and PÉROLA were not confusingly similar, the various elements of the trademarks, when considered as a whole, were likewise not confusingly similar.

- As the dominant components of the two marks—namely, the word elements—could not be confused, the trademarks as a whole were not confusingly similar.

Therefore, the Supreme Court could not conclude that there was trademark imitation or even a risk of association.

On the basis of the above findings, the Supreme Court of Justice confirmed the decision of the High Court with respect to the claim of enrichment without cause, deeming that Renova sustained no loss of earnings.

The Supreme Court held, further, that there could be no enrichment by intervention, as this would imply the abusive use of Renova’s trademark and because there was no trademark imitation that was not the case. For this reason, the Supreme Court also ruled that there was no extracontractual illicit conduct of a civil nature, nor any act of unfair competition.

548. See 95 TMR 522 (2005).
REPUBLIC OF SOUTH AFRICA

III.A.2. Similarity of Goods/Services

In *New Media Publishing (Pty) Ltd v. Eating Out Web Services CC et al.*, the Cape High Court had to determine whether the use of the trade mark EATING OUT, in relation to an electronic restaurant guide, infringed the applicant’s registered trade mark EAT OUT GUIDE, in respect of, inter alia, magazines in International Class 16. In finding confusing similarity, the court adopted the test that there is an interdependence between the two legs of enquiry: the less the similarity between the respective goods or services of the parties, the greater the required degree of resemblance between the respective marks. Taking into account the degree of resemblance between the marks and between the goods and services, the Cape High Court concluded that the combined effect produced a likelihood of deception or confusion, and it granted the injunction sought.

III.A.3. Prior User

The Gap Inc. sought an injunction from the Supreme Court of Appeal on the grounds that its various trade marks incorporating GAP were well known. The court accepted that The Gap Inc. had established that its GAP marks were well known in South Africa as of August 31, 1991. However, the appellant, A M Moolla Group, had prior use of various marks, including GAP, from 1973 onwards. Accordingly, at the time when the reproduction or imitation of the GAP trade marks took place, the GAP trade marks were *not* well-known marks in South Africa.

The Supreme Court of Appeal concluded that a local mark validly used at the time (in this case, 1970s–1980s) cannot lose its value or protection simply because someone else’s reputation overtakes its business (from 1991 onwards). Consequently, the court refused to grant The Gap Inc. the injunction sought.

III.F.6. Dilution

In *Laugh It Off Promotions CC v. South African Breweries International (Finance) BV t/a Sabmark International*, appellant Laugh It Off Promotions produced and sold T-shirts employing the general layout and colours of respondent South African Breweries’ (SAB’s) registered mark for a beer label, but with a different message. SAB’s trade mark, BLACK LABEL, was

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549. Case No. 6937/03, 2005 (5) SALR 388 (C).
551. Case No. CCT 42/04, 2005 (8) BCLR 743 (CC).
replaced by BLACK LABOUR, and its slogan AMERICA'S LUSTY, LIVELY BEER / BREWED IN SOUTH AFRICA was replaced by AFRICA'S LUSTY, LIVELY EXPLOITATION SINCE 1652 / NO REGARD GIVEN WORLDWIDE.

The Constitutional Court stressed that the case in point was one of dilution by tarnishment as opposed to dilution by blurring. In considering the history and purpose of Section 34(1)(c) of the Trade Marks Act, 1993, which sets out the requirements for dilution, the court observed that while the corresponding European Community and United Kingdom provisions require proof of actual detriment or unfair advantage, the South African statute requires a likelihood of unfair advantage or detriment, the relevant portion of the section reading, “the use of the trade mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trade mark, notwithstanding the absence of confusion or deception.”

The Court criticised the two-stage approach advocated by the Supreme Court of Appeal, finding that it was obliged to balance the interests of SAB against Laugh It Off's claim of free expression for the very purpose of determining what was unfair and materially harmful to the marks.

In analysing Section 34(1)(c) against this background, the Constitutional Court agreed with the Court of Appeal that (1) infringement occurs only if “unfair advantage” or “unfair detriment” is shown and (2) the detriment must not be flimsy or negligible, but must be substantial in the sense that it is likely to cause substantial harm to the uniqueness and repute of the marks. The Constitutional Court concluded that the owner of the mark bears the burden of demonstrating likelihood of substantial harm or detriment that, seen within the context of the case, amounts to unfairness.

The court rejected SAB’s argument, which had been accepted by the lower courts, to the effect that “the likelihood of suffering economic harm as a consequence of the offending use is self-evident.” SAB had argued that no right-thinking South African would wish to be associated with the racially insensitive message conveyed by Laugh It Off on the T-shirts. The racial slur, so it submitted, was likely to erode the exclusiveness of the mark, discourage people from purchasing BLACK LABEL beer, and adversely curtail SAB's opportunities to sponsor domestic sport. The court found that this “evidence” amounted to a bald allegation and conjecture; it stressed that the likelihood of detriment to the selling appeal of a mark must be determined by the court in light of established facts. There had been no suggestion that from the


time the T-shirts appeared to when the proceedings were launched, there had been a real possibility of a reduction of CARLING BLACK LABEL beer’s market dominance or sales. Even accepting that the racial slur might be unsavoury, there was no evidence that it did or was likely to attach to or tarnish the selling power of the mark.

The Constitutional Court therefore overruled the Supreme Court of Appeal’s decision and rejected SAB’s claim for infringement. The fact that it found no infringement notwithstanding, the court nevertheless commented on the interpretation of the message on the T-shirt and the fair use or parody defence argued by Laugh It Off, although it expressly refrained from making any findings. The court did, however, observe that, unlike the practice in the United States, in South African jurisprudence there are no enclaves of protected expressions such as parody or satire, and therefore the mere characterisation of an expression as such would not be decisive of what was fair use under the anti-dilution protection because ordinarily all categories of expression, save those excluded by the Constitution itself, enjoy a constitutional shield and may be restricted only in a way constitutionally authorised.

While this ruling is a serious setback for any trade mark proprietor wishing to enforce rights in its well-known marks in cases of dilution by tarnishment, the matter was based on the facts before the Constitutional Court, and it is open to the proprietor of a well-known mark that is being diluted by tarnishment to lead before the court appropriate evidence demonstrating the likelihood of substantial harm or detriment to its well-known mark.

III.M. Licensing Issues

In A M Moolla Group Ltd et al. v. The Gap Inc. et al.,554 the seven appellants all belong to the same group of companies that owned and used various GAP trade marks in South Africa. (As the trade mark proprietor did not itself use the marks, the appellants argued that the use had been under licence.) The Supreme Court of Appeal confirmed that (1) there was no requirement that a licence be in writing; (2) the provisions of the common law apply; and (3) the licence agreement may be oral, written, tacit, or inferred by conduct. However, the court stressed that the mere assertion that use was with the licence of the proprietor does not suffice; the facts from which a licence is to be inferred must be pleaded and proved by evidence.

In dealing with the evidence, the court commented that it was vague to such an extent that it suggested evasiveness, and was also contradictory. The true structure of the group forming the

appellants consisted of companies and partnerships with an overlap of shareholders and directors. The group tended to ignore corporate identities and moved enterprises between companies. The factual finding was that the grant of a licence to the group was improbable.

Accordingly, the Supreme Court of Appeal expunged the trade marks on the ground of non-use, on the basis that the proprietor had failed to prove use by itself or permitted use by a licensee during the period concerned. Also commenting on the issue of quality control, the court stated that a trade mark identifies the enterprise that is responsible for the quality of the goods or services but does not in itself amount to a representation of quality.

RUSSIAN FEDERATION

III.B.3. Statutory Issues

CJSC Roust Incorporated (Roust) filed a petition with the Russian Federal Antimonopoly Service (FAS) alleging a violation of antimonopoly legislation by CJSC GB Holding Vin (Holding) through an act of unfair competition in the form of registration and use of the trademark PLATINUM. Since January 2002, Roust has been selling vodka under the brand RUSSKIY STANDART PLATINUM, using the word PLATINUM on its label as a descriptive characteristic of the quality of the product. In May 2002, Holding filed an application with the Russian Patent and Trademark Office to register the trademark PLATINUM (in Roman and Cyrillic characters), covering vodka. Holding obtained the registration in February 2003.

Roust alleged, further, that Holding had proposed that Roust enter into a disadvantageous license or assignment agreement relating to the trademark, and that, on the basis of its registration of the trademark PLATINUM, Holding had attempted to block further sales and promotion of Roust’s products in the Russian market.

In the course of examination of the case by the FAS, Holding failed to provide any evidence that it had used the word PLATINUM as a trademark prior to May 2002. As a result, the FAS ruled that Holding’s activities, in the form of acquisition and use of exclusive rights in the trademark PLATINUM, constituted an act of unfair competition.555

Holding appealed the FAS’s decision to the Moscow Arbitrazh (Commercial) Court. Both the Moscow Arbitrazh Court 556 and its appellate instance 557 supported the appeal. The courts concluded that Holding’s activities were not aimed at obtaining an unfair advantage in business and fully complied with the provisions of the Russian Trademark Law. They noted that the FAS had failed to consider those activities in terms of the Trademark Law provisions.

In ensuing cassation proceedings, however, the Federal Arbitrazh Court for Moscow and Moscow Region annulled the decision of the lower courts and sustained the decision of the FAS. 558 It noted that the lower courts had failed to duly examine the facts of the matter and had misinterpreted the law. In particular, the Federal Court stated that examination of the validity of registration of a trademark per se was not within the competence of the antimonopoly authority and that, by contrast with the lower courts’ position, the FAS was correct when it did not examine the matter from the standpoint of the Trademark Law. It is the Russian antimonopoly law, and specifically its unfair competition provisions, that should apply in instances where the registration of a trademark that formally complies with the procedure and criteria established by the Trademark Law is effected as a result of an act of unfair competition.

III.K. Counterfeiting Issues

Nike International, Ltd. (Nike) filed suit with the Moscow City Arbitrazh Court against the limited liability company (LLC) Company for Managing Resources of Commercial Entities for selling counterfeit goods carrying registered trademarks owned by Nike.

Article 46 of the Russian Trademark Law provides that instead of recovery of incurred losses a trademark owner may request that the judge award the payment of compensation in an amount ranging from 1,000 to 50,000 times the minimum monthly wage, which totals RUR 100,000–5,000,000 (approximately US $3,500–175,000). Nike requested for the payment of compensation at the upper threshold amount—5 million rubles.

The Moscow City Arbitrazh Court ruled that the LLC should cease storing and selling the goods marked with the trademarks owned by Nike and should destroy the counterfeit goods, labels,
and packages carrying such trademarks. The Court considered the requested amount of compensation to be adequate for restoration of the plaintiff’s infringed rights; accordingly, it ordered that Nike recover from the LLC compensation in the amount of RUR 5,000,000. This was the largest amount of compensation ever awarded by a Russian arbitrazh (commercial) court for losses incurred as a result of the infringement of a trademark owner’s rights.

SOUTH KOREA

III.F.5. Cancellation

On June 16, 2005, the Korean Supreme Court dismissed an important appeal and established a new precedent for the interpretation of Article 73.1.2 of the Korean Trademark Act. This article stipulates that any registered trademark is subject to cancellation if the trademark owner intentionally uses a trademark similar to the registered trademark on the designated goods or uses the registered trademark, or a mark similar to the registered trademark, on goods similar to the designated goods in a manner that may be misleading as to the quality of the goods or that is liable to cause confusion with regard to the goods of another person.

For purposes of this case summary, the following definitions should be noted: (1) Subject Mark: a registered mark; (2) Being Used Mark: an unregistered mark that is confusingly similar or identical to a world-renowned mark; and (3) Reference Mark: a world-renowned unregistered mark. The Court had previously held that, provided that a Reference Mark has been determined, that such mark falls within the scope of a Subject Mark, and that the Reference Mark is unregistered, registered after the Subject Mark, or invalidated, any use of the Reference Mark cannot be subject to the issue of misleading or causing confusion as to the quality of the goods of the Being Used Mark and, thus, such use is not unjust and therefore not a ground for cancellation under Article 73.1.2.

On October 13, 1992, Tae Woong Kim (Kim) registered the Subject Mark ROOT, in Old Class 45, to cover the following: clothing for children and infants, jackets, jeans, shorts, hats, handkerchief, underwear, pajamas, and shirts. Kim obtained the trademark rights in the Subject Mark through a number of

562. Registration No. 251,718.
assignments and was the final owner when this matter was initiated. During the previous ownership of ROOT, the Being Used Mark ROOTS was found to fall within the scope of the Subject Mark ROOT; such decision was finalized on October 16, 1997.

Subsequently, Saboy, Inc., the licensee of the mark ROOTS, brought a cancellation action based on Korean Trademark Act Article 73.1.2, in which it asserted that Kim had intentionally used a second Being Used Mark, ROOTSPORT (with the “S” emphasized with a different color), to unjustly benefit from a free ride on the fame of the Reference Mark ROOTS. Saboy had obtained a license for the Reference Mark ROOTS, owned by Roots Canada Limited, on November 1, 1994. Since then Saboy had made a substantial amount of money from the sale of products bearing the Reference Mark ROOTS. Although Roots Canada Limited registered the mark ROOTS in many countries for clothing, the mark was not registered in Korea for those goods. Instead, the mark was registered for footwear and bags.

Kim made counterarguments based on previous rulings where the Reference Mark ROOTS not only was found to fall within the scope of the Subject Mark ROOT but also was not registered for clothing. Therefore, Kim argued that the Being Used Mark ROOTSPORT should not be viewed as misleading or the cause of confusion as to the quality of the goods bearing the Reference Mark. Thus, such use was not unjust under Korean Trademark Act Article 73.1.2.

The courts of first and second instance, the Korea Intellectual Property Tribunal and Patent Court, respectively, issued a decision stating that Kim intentionally and unjustly used the Being Used Mark ROOTSPORT to benefit from the well-known fame of the Reference Mark ROOTS. The Patent Court further stated that the decision from a scope confirmation trial should not extend to a broadened freedom of use by the owner of the Subject Mark. In other words, whether the Subject Mark is being used in a way that would likely cause confusion or would be misleading as to the source of the goods of a Reference Mark should be treated separately from the purpose of the scope confirmation trial. The Korean Supreme Court accepted this rationale and affirmed the decision of the lower courts.

As a result of this decision by the Korean Supreme Court, internationally well-known marks will enjoy broader protection regardless of whether they are registered; and in this regard, the ruling adds a further basis for cancellation. Korean Trademark Act Article 7.1.12, which deals solely with the internationally well-known aspect of a mark, and the inclusion of dilution in the Unfair Competition Prevention Act, are part of the effort to recognize an appropriate and fair protection for world-renowned marks. One caveat that should be noted is that, because there is a requirement
of intent in proving such unjust use, establishing a mark’s well-known status not only internationally but also in Korea would certainly help in bringing about a favorable decision.

**SPAIN**

**III.F.5. Cancellation**

Some 15 years after the NIKE case first arose between Nike International Ltd. and American Nike S.A. (collectively “Nike”) against their former Spanish distributor Comercial Ibérica de Exclusivas Deportivas, S.A. (hereafter “Cidesport”), what is probably the most famous case in the history of Spanish trademark law has finally concluded. Nike is, of course, the world-famous manufacturer of sporting articles and clothing. Cidesport (and its predecessor BRS) was the Spanish distributor of products bearing the trademark NIKE and the equally famous “swoosh” design. The business relationship started in 1979 but turned sour at the end of 1989 when Cidesport ceased distributing NIKE products.

It so happened, however, that the word NIKE was already registered in Spain\(^{563}\) as a composite mark displaying a representation of the Nike of Samothrace, a Hellenistic statue now in the Louvre, framed by two columns and standing on a pedestal resting, in turn, on a larger one on which NIKE is written (hereafter “Trademark No. 88222”). (See below.) The corresponding application was filed by Mr. J. Rosell on January 18, 1932. The mark was granted registration on May 28, 1932, in respect of “stockings, socks and knitted goods” in International Class 25. On June 11, 1981, the mark was assigned to Mr. Juan A.F., who was to grant Cidesport a user license on September 1, 1982.

![Trademark No. 88222](image)

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563. Trademark Registration No. 88222.
During the term of the agreement between Nike and Cidesport, the former filed various applications to register its trademarks in Spain, with different degrees of success. While applications for the “swoosh” design were granted for sports bags in Class 18 and for sports footwear and clothing in Class 25, applications filed for the NIKE mark in respect of the same goods were rejected. The ground given for the rejecting decisions was that the NIKE mark was confusingly similar to Trademark No. 88222. Nike managed, nonetheless, to secure rights in the word NIKE in Spain by acquiring a registration for the word mark NIKE, which was granted on December 20, 1979, for shoes and slippers, excluding all other goods falling in Class 25.

Matters became even more complicated when, after the termination of the distribution agreement between Nike and Cidesport, both parties managed to gain new rights in relation to the NIKE mark: Nike secured registration of the word NIKE combined with the “swoosh” design, and Cidesport obtained an extension of the coverage of Registration No. 88222 to cover all types of clothing in Class 25.

In February 1991, Cidesport began using the mark in a manner that, as it turns out, was to play a vital part in the conclusion of this case: on a folded tag that prominently displayed the word NIKE in a red square on the outside part of the tag, while depicting the representation of the Greek goddess on the inside part of the tag. Furthermore, the English words SPORTS WEAR were written in smaller letters under the word NIKE.

From the filing of the complaint in the first instance by Nike against Cidesport in 1991 to the judgment rendered by the Spanish Supreme Court on March 28, 2005, the following decisions were issued: a decision in the first instance by the Court of Barcelona in 1993; a decision on the subsequent appeal by the Barcelona Provincial Court in 1995; a decision in the first instance by the Supreme Court in 1999; a decision by the

564. Application Nos. 899850 and 899851, respectively.
565. Application Nos. 899847 and 899848, respectively.
566. Registration No. 903977.
568. Court of First Instance No. 9 of Barcelona, decision dated December 10, 1993.
Confronted once again with this matter some five years after having issued its first decision, the Supreme Court decided to start from scratch and review not only the formal aspects of said decision but also its substantive aspects. In its second judgment of March 28, 2005, the Supreme Court centred its assessment on whether Cidesport’s use of Trademark No. 88222 was lawful enough to neutralise a cancellation action on grounds of nonuse. After reviewing the manner in which Cidesport used the mark, the Supreme Court this time ruled that the decisions reached by the lower courts were in keeping with the law, and that the sign appearing on the outside of the folded tag used by Cidesport was in fact quasi-identical to that used throughout the years (1982–1989) in which the license and distribution agreements between Nike International Ltd. and Cidesport were in force. Although the “swoosh” design had been removed, the additional words SPORTS WEAR were written in smaller letters under the word NIKE. Furthermore, the characteristics of the letters that made up the word NIKE were evidently similar to those of the U.S. corporation’s mark, inasmuch as they had been squeezed together, inclined, and were notably similar in the dominant letter “K.” What is more, the whole word element had been written in white letters on a red background.

The Court’s assessment of the manner in which Cidesport used the mark—that is, with the distinctive Greek goddess device semi-hidden on the inside of the folded tag, and with the word element NIKE placed prominently on the outside of the tag and written in a style similar to that of the U.S. corporation’s mark and with the addition of sport-related words in English—this time gave rise to the conclusion that the judgments rendered by the lower courts were in fact coherent and reasonable.

In addition to the visual approximation, the Court considered that the inclusion of the English words SPORTS WEAR was but a further attempt to associate Cidesport’s mark with the American NIKE mark, and to associate it phonetically ([naɪk], instead of [nikε] or [níke]) with a mark that was highly reputed in the marketplace. In short, the manner in which Cidesport had used the mark—on a folded tag with the aforementioned characteristics—was not sufficient to neutralise a cancellation action on grounds of nonuse. Cidesport’s actions in this regard were misleading, and (as the lower courts had appreciated in their decisions) in evident bad faith, in that the use of a folded tag was nothing but an ingenious ploy to simulate the use of the registered (NIKE & Greek goddess) mark and thwart the cancellation action.

while placing the visually similar word element on the front of the tag was an attempt to associate it with the prestigious American mark NIKE. Cidesport’s use was thus a distortion of its (NIKE & Greek goddess) mark and an encroachment on the U.S. corporation’s mark, which evidently gave rise to a likelihood of confusion among consumers—that is, average, not specialised, consumers, who do not indulge in the “meticulous” comparison of trademarks and designs. It also created a likelihood of confusion in the marketplace and constituted a misappropriation of the efforts of others to penetrate a market and build a reputation for identical or similar products.

In the light of these considerations, the Supreme Court concluded that Cidesport’s use of Trademark No. 88222 was simulated and misleading and thus did not comply with the requirements of genuine and effective use set out in the Spanish Trademark Act of 1988. Its cancellation on grounds of nonuse was therefore unavoidable.

The evaluation that this final judgment merits could not be more favourable. From a purely technical standpoint, the ruling is far more perfect than that issued by the same Supreme Court in 1999. It is coherent with the doctrine of the High Court itself, above all in the consideration that at the cassation stage the criteria of the contested decision must always prevail if said decision has a suitable legal grounding and is not manifestly contrary to good sense. In addition, this final judgment does not repeat the initial decision’s inherent lack of reasoning, which had left Nike unable to defend itself.

From the twin standpoints of market transparency and the protection of consumer rights, the positive impact of this judgment is clear for all to see. Finally, consumers that acquire products bearing the trademark NIKE will know for certain that the products they are purchasing have been manufactured by the U.S. company they know and value, and not by an unknown Spanish company that at no point have they associated with the famous mark in question.

**SWEDEN**

*I.B.9.a. No Similarity of Marks*

Philip Morris Products S.A. applied for the registration of the trademark BELMONT, for all goods in International Class 34. The Swedish Patent Office rejected the application on the basis of the mark’s alleged confusing similarity with the prior-registered trademark BELMONA, for cigarettes in Class 34, in spite of letters
of consent from the owner of BELMONA. The letters had been filed in connection with previous applications for BELMONT and were not related to the application under review. Philip Morris appealed.

The Swedish Patent Board of Appeal granted registration for BELMONT, without reference to the letters of consent, holding that there were sufficient differences between the marks. The Board found that the marks were phonetically different in a fairly clear way, and more particularly in a conceptual sense: BELMONT conveys the idea of “beautiful mountain,” whereas BELMONA suggests “pretty woman.”

SWITZERLAND

I.B.2. Merely Descriptive Terms

The Federal Supreme Court held that the word mark MICROPOR, for filters and related goods in International Classes 11 and 16, was not registrable. While the court accepted that the term MICROPOR was not a dictionary word in German, French, or Italian (the three official languages of Switzerland), it nevertheless confirmed the Trademark Office’s rejection of the mark. The fact that MICROPOR was a newly created word did not, the court held, exclude its descriptive characteristics from consideration. To the general public, it was very clear that the term concerned goods with very small pores. Also important was the fact that POR is very close to the German word *Pore* (“pores”).

Similarly, the Federal Commission of Appeals held that the word NETTO was part of the public domain and therefore not registrable. The applied-for mark claimed protection for goods and services in Classes 1 to 42. The Commission noted that in the Swiss German language NETTO indicates that a price has been reduced from a higher price, and that the term is used in connection with all kinds of goods and services. Thus, it was part of the public domain and could be directly understood by every consumer. For this reason, the application was rejected.

The Federal Commission of Appeals confirmed this practice in holding that the word mark MICROBALLS, for laundry detergents

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in Class 3, was descriptive of the applied-for products and could not be registered. The Commission determined that the term MICROBALLS was easily understood as referring to very small balls and as such described a possible characteristic element of laundry detergents. It was, therefore, descriptive, and had to be kept free for all competitors. The applicant’s argument that MICROBALLS was a newly created term was not accepted.

The Commission reached the same conclusion in its decision on TELEWEB. It rejected the application for registration of the word mark, for goods in Class 9 and services in Class 38.

In a similar decision, the Commission ruled against registration of the word mark GELACTIV for goods in Class 10. It held that even though the term was a newly created word, the general public would easily understand that the mark described something that contained gel and that the gel was active.

The Federal Commission of Appeals held that the trademark RAPIDCHIP was not registrable for electronic hardware. The term RAPID was easily understood as meaning “fast,” and CHIP indicated the goods to be protected. The combination was not creative, and therefore the term was rejected.

I.B.4. Geographical Names

The Federal Commission of Appeals ruled that the word and device mark 5TH AVENUE could be registered for goods in International Classes 18 and 25. The Trademark Office had rejected the application based on the notoriety of Fifth Avenue, the famous street in New York City. It found that the Fifth Avenue commercial district was well known for luxury and lifestyle goods, and therefore the mark was descriptive and not registrable.

The Commission rejected this argument. While the trademark 5TH AVENUE might allude to luxury and lifestyle, it was not directly descriptive. Rather, the Commission held, the mark had a high symbolic value, which delocalized the geographic indication. It would be understood not as a place of production or commerce,

but simply as an allusion to the high style or quality of the goods sold there.

The Federal Institute of Intellectual Property rejected trademark protection for three device marks of Chevrolet showing the typical CHEVROLET CROSS. According to the Institute, the CROSS device was too close to the cross in the Swiss Federal Emblem, and therefore had to be rejected.

The Federal Commission of Appeals reversed the Institute’s ruling and allowed registration.\(^{581}\) Even minor changes from the official emblem could, the Commission held, be strong enough to avoid a risk of confusion with the Swiss flag.

The Federal Institute rejected the application for registration of the trademark BENGALS, for goods in Class 25. The Federal Commission of Appeals confirmed the Institute’s holding.\(^ {582}\) BENGAL is a region in India, and India has a reputation for textile products. Even if most consumers did not make this association, it was sufficient that wholesalers and dealers recognized it. For this reason, the trademark could not be registered for Class 25 goods.

1.B.20. Color

In an injunction procedure, the claimant based one of its claims on an International Registration with protection in Switzerland for the abstract color red (without any limitation), for professional drills for construction work. The Commercial Court of the Canton of Aargau denied the request for a preliminary injunction.\(^ {583}\) After analyzing decisions and articles regarding abstract color marks in great detail, it concluded that most likely, in an ordinary procedure, the court would rule against protectability for the red color mark. For that reason, the Commercial Court rejected the request for a preliminary injunction.

While the Federal Commission of Appeals recently has favored registration of abstract color marks, the Federal Supreme Court has voiced a rather negative opinion of this practice, and the Supreme Court’s view has now been reinforced by the Commercial Court in this decision. The dispute continues.


\(^{582}\) Decision of the Federal Commission of Appeals, January 26, 2005; sic! 7/8/2005, 585 BENGALS.

\(^{583}\) Decision of the Commercial Court of the Canton of Aargau, December 22, 2004; sic! 5/2005, 377 ROT.
III.A.2.a. Similarity of Goods/Services

The Federal Commission of Appeals held that the trademarks LEPONEX and FELONEX were confusingly similar as regards identical and very similar goods. The similarity of the marks, the Commission found, was rather weak. For this reason, the scope of protection of the older trademark, LEPONEX, was restricted to identical and very similar goods.

Likewise, the Commission found a risk of confusion with respect to the trademarks GLOBAL SOURCES (figurative) and GLOBAL SOURCE. The Commission held that there was a similarity not just in the marks but also, more critical to its decision, in the applied-for computer hardware, computer software, and computer-specific services.

The trademarks SILKIS and SIPQIS, for pharmaceutical products, were ruled confusingly similar. The Federal Commission of Appeals ruled that phonetically the marks were sufficiently similar and that SILKIS (a reference to silk) was not descriptive of pharmaceuticals. It did not matter, the Commission held, for what medical condition the pharmaceuticals were to be used. All pharmaceuticals were, from a trademark perspective, identical or at least highly similar goods.

III.A.2.b. Similarity of Marks

The Federal Commission of Appeals ruled that the word and device marks CJ CAVALLI JEANS and ROCCO CAVALLI were confusingly similar. Risk of confusion was a legal issue, not a factual one. That confusion occurred in the marketplace might, the Commission held, be an indication of similarity, but it was not a decisive factor in this determination. It was not sufficient to amend an older mark by adding new, distinctive elements. In the overall comparison, the element CAVALLI was decisive, and therefore the two trademarks were confusingly similar for the claimed Class 25 goods.

The Commercial Court of the Canton of Aargau ruled along the same lines in its decision concerning the trademarks VITAL


and VITAL CONCEPT. Both marks claimed protection for goods in Classes 5 and 31, with respect to which the element VITAL, though not descriptive, was at least weak. However, as both trademarks were dominated by the element VITAL and the additional elements were very weak, in the overall comparison the element VITAL was a decisive factor in the Commercial Court’s determination that there was a risk of confusion.

III.A.11.a. No Similarity of Marks

The owner of the registration for the word and device mark KRAFT (below, illustration at left), covering goods in International Class 29, filed an opposition against the word and device mark TELLO KRAFT / FREI VON TIERISCHEN FETTEN (below, illustration at right). The Federal Commission of Appeals upheld the Trademark Office’s ruling that the trademarks were not confusingly similar. The opponent’s mark had been registered in Switzerland as a mark with acquired distinctiveness. While it was accepted that the word and device mark KRAFT enjoys notoriety in Switzerland, that was not the case for the word element KRAFT alone. The word *Kraft* is German for “power,” and, as such, is descriptive for characteristics of Class 29 goods. For this reason, it was a weak element in the overall assessment of the two marks, and the Commission therefore denied that there was a likely danger of confusion.

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III.A.26. Bad Faith

In a unique decision, the Supreme Court of the Canton of Thurgau ruled that a trademark was filed in bad faith and, for that reason, invalid.590

The claimant was an Italian producer of lemon juice, sold in Switzerland by the defendant under a distribution agreement. The agreement was terminated in 1998. In 1999, the claimant started using a new trademark, LIMMI, for the lemon juice on the Swiss market. It had no application or registration in Switzerland for this mark. Only five days after the claimant began using the mark, the defendant filed a trademark registration application for LIMMI. After registration, the defendant requested that the claimant cease and desist from using the trademark LIMMI, based on the defendant’s trademark rights. In response, the claimant requested, and was granted, invalidation of the defendant’s mark. The very specific set of evidence submitted made it clear to the court that the defendant had filed its application for registration after it had learned of the mark as used by the claimant, and with the purpose only of profiting from the claimant’s commerce in Switzerland.

This is a very special decision for Switzerland. Under Swiss law, no intent to use nor any actual use is required for a trademark registration application to be validly filed. An invalidation action based on unfair competition, which must be supported by very specific facts, is a very rare exception.

V.A. Domain Names

The defendant had registered the domain name www.maggi.com, where a website was active for a foundation of Romeo and Cornelia Maggi. The Federal Supreme Court held that the registration and use of the domain name infringed Nestlé SA’s famous trademark MAGGI.591

The court based its decision on a balance of interests between the defendant’s family name, Maggi, and Nestlé’s interest in its famous trademark. It held that the family’s interest—that is, the use of its family name without any additional elements, such as first names—was less important than Nestlé’s commercial interest—professional communication (i.e., advertising and marketing) through its famous trademark MAGGI, also on the Internet.

SYRIA

III.A.2.b. Similarity of Marks

In 1997, the British company Cussons (International) Limited duly registered the trademark IMPERIAL LEATHER in Syria, to cover cosmetics and beauty preparations in International Classes 3 and 5. Two years later, a Syrian citizen, Mr. Nasser Tello, registered the trademark EMPRIAL LEZR, covering cleaning preparations and soap in Class 3.\(^\text{592}\)

Cussons initiated legal action against Mr. Tello for imitation of its trademark.

The civil Court of First Instance issued a decision cancelling the defendant’s trademark registration and obligating the defendant to pay expenses and fees.

TAIWAN

I.B.4. Geographical Names

McDowell & Co. Ltd (MDC) applied to register the mark MCDOWELL’S PREMIUM, for products in International Class 33. The Scotch Whisky Association (SWA) opposed the application pursuant to Article 37, Paragraph 6 of the pre-amended Trademark Law. The Intellectual Property Office (IPO) upheld the opposition,\(^\text{593}\) and the decision was affirmed by the Ministry of Economic Affairs (MOEA) on the administrative appeal. MDC then appealed to the Taipei High Administrative Court against the decision.

Article 37, Paragraph 6 of the pre-amended Trademark Law provides that a mark that is likely to mislead the public with respect to the nature, quality, or place of origin of the designated goods or services cannot be registered. The provision will apply where the public is likely to be misled, as the design of the mark or the words or figures contained in the mark represent the nature, quality, or place of origin of the product.

In arriving at its decision, the Court made the following findings:

1. The disputed mark was composed of two English words, MCDOWELL’S and PREMIUM. According to the book *The Surnames of Scotland*, the prefix “Mac-” (also spelt as “Mc-”) has the meaning of “the son of,” and the word “McDowell” was found to be a common surname in Scotland. Because Scotland has long been globally famous

\(^{592}\) Registration No. 69272, dated October 13, 1999.

\(^{593}\) Chung Tai Yi No. 910243, Intellectual Property Office, April 9, 2002.
for its whisky and a large number of trademarks consisting of words made of “Mac-” or “Mc-“ are used on Scotch whisky products, the use of this very common traditional Scotch surname as a trademark on whisky products was very likely to make consumers associate such products with Scotland, and therefore would mislead them as to the products’ true place of origin.

2. In a number of similar cases decided in other countries, it was considered that using such marks on whisky products produced in places other than Scotland would cause confusion among consumers by misleading them as to the place of origin. Furthermore, although the IPO had previously granted registrations for a number of marks containing words starting with “Mc-,” those cases were distinguished from the current case in that the facts were different. It is the principle that each trademark case must be decided on its own merits.

3. MDC’s products were manufactured in India, but the line “A unique blend of aged Scotch” was printed on the box. The word “Scotch,” when used on whisky products, had always been referred to as “Scotch whisky” by people in the industry and the consumers. Such wording, together with the trademark containing a common Scotch surname McDowell, was obviously misleading. It was hard to believe that MDC had no intention of misleading the public as to the place of origin of its products.

4. The evidence submitted by MDC could not support the argument that it was commonly known among consumers that MDC’s products were actually manufactured in India instead of Scotland.

Accordingly, the Court affirmed the earlier decisions of the IPO and the MOEA and, on the basis of the above findings, dismissed the appeal.594

I.B.8.a. Similarity of Marks

The plaintiff’s application to register the mark ICEBUG & Design, for footwear products in International Class 25, was opposed by the intervening party in this case under Article 37, Paragraphs 7, 12, and 14 of the pre-amended Trademark Law, based on its earlier trademark HISTORY ICEBERG & Design. The IPO held the opposition well founded and, accordingly, refused registration of the subject mark. On the administrative appeal, the MOEA affirmed the IPO’s decision. The plaintiff then appealed to

the Taipei High Administrative Court against the decision of the MOEA.

The Court found this case to be a cancellation action, as defined in Article 4 of the Administrative Procedure Law. It specified that the case be decided in accordance with the provisions of the pre-amended Trademark Law, which was in force at the time when the opposition was made, rather than the new Trademark Law.

In assessing the similarity of trademarks under Article 37, Paragraph 12 of the pre-amended Trademark Law, the court must examine whether there would be a likelihood of confusion between the marks in the eyes of the consumers with common knowledge and experience in the ordinary course of trade if the marks were viewed separately at different times and places. The marks are deemed similar if the appearance, idea, or sound of one mark is similar to that of the other.

In arriving at its decision, the Court found that likelihood of confusion was established because the dominant part of the applied-for mark, ICEBUG, was very similar in appearance and sound to the English word ICEBERG, the dominant part of the intervening party’s mark; as a result, if the two marks were viewed separately by the consumers at different times and places, consumers would be likely to confuse or misidentify the contested mark with that of the intervening party. Therefore, the Court held that the mark ICEBUG & Design was confusingly similar to the trademark HISTORY ICEBERG & Design, which was, moreover, registered for the same or similar goods (footwear products).

The Court also held that previous decisions of the IPO, cited by the plaintiff, that allowed registrations of other similar marks could not be relied on as support for its argument, because in those cases the designs of the marks were not the same, and the examination of trademarks must always be made on a case-by-case basis.

Based on the above findings, the Court affirmed the earlier decisions of the IPO and the MOEA and held that the applied-for mark was similar to the mark of the intervening party. Accordingly, the appeal was dismissed.

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595. Article 37, Paragraph 12 of the Trademark Law (before 2003 amendment) provides:

No application may be filed for registration if [the] trademark design ha[s] any of the following features:

... (12) [i]dentical or similar to a trademark that is designated for use on the same goods or similar goods. . . .

596. 91-Su No. 4511, Taipei High Administrative Court, February 26, 2004.
I.B.12. Famous Marks

Total Technologies, Ltd. (TTL) applied to register the mark BELKIN & Device, for products in International Class 9. Belkin Corporation (BC) brought an opposition action against the mark, based on its famous trademark BELKIN, pursuant to Article 37, Paragraphs 7, 11, and 14 of the pre-amended Trademark Law. The opposition, however, was dismissed by the IPO, and the dismissal was affirmed by the MOEA on the administrative appeal. The plaintiff then appealed to the Taipei High Administrative Court against the decision.

As the decision on the opposition was reached by the IPO before the amended law came into force, the Court emphasized that this case had to be decided in accordance with the pre-amended Trademark Law, the law under which the opposition was decided.

Article 37, Paragraph 7 of the pre-amended Trademark Law provides that a mark that is identical or similar to another person’s famous mark, and thus causes a risk of confusion on the part of the public, cannot be registered. Whether a mark is famous must be established based on sufficient evidence to prove that it has been commonly recognized by the relevant businesses or consumers, as set forth in Article 31, Paragraph 1 of the pre-amended Trademark Regulations. Although such evidence is not limited to domestic materials, in the case where there are foreign materials submitted, the court’s attention must be directed to whether the mark is known to the relevant businesses or consumers in Taiwan. The Court also pointed out that in deciding whether a mark is a famous one, the mark should be considered as at the point in time when the application for the opposed mark was filed.

As the Court was satisfied that the two marks were sufficiently similar, the first issue before it was whether BC’s mark was a famous mark that was commonly known to the relevant businesses or consumers in Taiwan.

Although BC submitted evidence of trademark registrations in various countries, the Court refused to regard it as sufficiently supporting the use of the mark and that the mark was commonly known to the relevant businesses or consumers in Taiwan.

Although BC submitted evidence of trademark registrations in various countries, the Court refused to regard it as sufficiently supporting the use of the mark and that the mark was commonly known to the relevant businesses or consumers in Taiwan. The

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598. Article 37, Paragraph 7 of the Trademark Law (before 2003 amendment) provides:

No application may be filed for registration if [the] trademark design ha[s] any of the following features:

\( \ldots (7) \) [i]dentical 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. \( \ldots \)
Court found that a mere registration did not indicate any of the above. As to the product catalogs and brochures printed and submitted by BC, there was no evidence showing that they were printed or distributed simultaneously in Taiwan, and even if they were, where they were printed and how many were printed. Therefore, the Court found them insufficient to prove that the mark was commonly known to the aforesaid people in Taiwan.

Article 37, Paragraph 14 of the pre-amended Trademark Law provides that if an applied-for mark is identical or similar to another mark that has been used by another person on the identical or similar goods or services prior to the date of application, and the applicant is aware of the existence of the said mark through contractual, geographical, or business connections, or any other relationship with the said person, the applied-for mark cannot be registered.

Based on the evidence submitted by BC, the Court was satisfied that BC had used its mark prior to the application date of the opposed mark. Although TTL voiced suspicions as to the dates and places of publication of certain materials contained in the evidence, the Court reiterated that the law imposes the burden of proof on the one who holds such suspicions. Further, the Court held that as BC in its opposition had claimed that TTL’s principal once contacted its president and attempted to make some business arrangements with BC in 1987, TTL was therefore aware of the existence of BC’s mark, and the IPO should not have simply denied such claim without conducting any further investigations.

Therefore, the Court ruled that the original decision be cancelled and directed the IPO to make further investigations based on its authority in order to consider whether the opposition could be based on the provisions of the amended law.599

The original plaintiff applied to register the mark FIGARO (with Chinese transliteration) & Design for the following services in Class 42: “videotaping, photographing, wedding planning and design, brides’ makeup, wedding dress renting.” The IPO refused registration pursuant to Article 37, Paragraph 7 of the pre-amended Trademark Law, on the ground that the word FIGARO in the applied-for mark was confusingly similar to the famous mark FIGARO, owned by Société du Figaro S.A.

On the administrative appeal, the MOEA affirmed the decision of the IPO. The original plaintiff then appealed the MOEA’s decision to the Taipei High Administrative Court. During the proceeding, a new party, after obtaining the consent of the original plaintiff and the other party to this case, took over the rights and obligations of and assumed the position of plaintiff.

599. 92-Su No. 2250, Taipei High Administrative Court, January 28, 2005.
As noted above, under Article 37, Paragraph 7 of the pre-amended Trademark Law, a mark that is identical or similar to another person’s famous mark, and thus causes a likelihood of confusion on the part of the public, cannot be registered. Therefore, the issues before the Court were whether FIGARO was a famous mark and whether there was a similarity in the marks that would create a likelihood of confusion if the earlier mark and the applied-for mark were used concurrently in the market.

In judging whether a mark constitutes a famous mark under the definition of the above-mentioned law, the Court found that the pre-amended Trademark Regulations (which were in force when the IPO and MOEA’s decisions were made) and the Standards for the Recognition of Famous Marks had to be considered. After considering the relevant statutory provisions and evidence, the Court found that the mark FIGAGO, which was previously used on clothing, leather bags, and shoe products, constituted a famous mark, as the mark was well known to a large part of the general consumer public or the relevant commercial enterprises.

In determining the likelihood of confusion, the Court took into account a number of relevant factors, such as the level of distinctiveness and the originality of the marks, the similarity of the marks and of the goods or services, the level of care of the relevant consumers, and the status of the diversified operation of the prior right holder. In this case, the Court was satisfied that the owner of the famous mark FIGARO had used the mark on various kinds of products, including footwear, clothing, headwear, and accessories, since 1992. The Court held that the association between the marks and the goods or services would be likely to cause the public to wrongly believe that the respective goods or services came from the same or economically linked undertakings. Likelihood of confusion was, therefore, established, because the public might be mistaken as to the origin of the goods or services in question.

While recognizing the principle that if two similar marks have been concurrently used or coexisted in the marketplace and their coexistence has been commonly recognized by the relevant consumers, courts must be more careful in establishing a likelihood of confusion between the marks, the Court found that this was not the case here, as the applied-for mark was not actually being used by the plaintiff in the market.

Based on the above findings, the Court affirmed the earlier decisions of the IPO and the MOEA and dismissed the appeal.600

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600. 92-Su No. 3031, Taipei High Administrative Court, February 3, 2005.
In another case, the applicant (the intervening party in this case) filed an application for registration of the mark POWER INSIDE & Device, for products in Class 3. The application was opposed by Intel Corporation under Article 37, Paragraph 7 of the pre-amended Trademark Law, based on Intel’s famous trademarks INTEL INSIDE, INTEL INSIDE & Device, and INTEL INSIDE XEON. However, the opposition was dismissed by the IPO, and the dismissal was affirmed by the MOEA on the administrative appeal. Intel then appealed to the Taipei High Administrative Court against the decision of the MOEA.

In deciding the case, the Court first emphasized that the opposition was brought on April 29, 2003, before the amendments to the Trademark Law came into force. Therefore, the case had to be decided in accordance with the provisions of the pre-amended Trademark Law. The Court clearly specified that the new Trademark Law did not apply in this case.

Sufficient similarity between the marks must be established for the law to apply. The issue before the Court, therefore, was whether the disputed mark was sufficiently similar to Intel’s marks that Intel’s similarity claim, which was based on the above provision, could succeed.

To assess similarity under the statute, the Court must determine what impression the use of the marks would make upon consumers with common knowledge and experience in the ordinary course of trade, and examine whether there would be a likelihood of confusion between the marks in the eyes of consumers if the marks were viewed separately at different times and places.

Based on the above standard, the Court held that there was no sufficient similarity between the disputed mark POWER INSIDE & Device and the plaintiff’s marks. The Court’s findings were as follows:

1. The disputed mark was composed of two English words, “POWER,” in block letters, and “inside,” in lowercase letters and handwriting style. By contrast, the plaintiff’s first mark, INTEL INSIDE, was in all block letters; its second mark, INTEL INSIDE & Device, was a design mark, with the words “intel inside” surrounded by a bold circle; and its third mark, INTEL INSIDE XEON, was in all block letters. Thus, the Court found that the word INSIDE (or “inside”) in the plaintiff’s marks was to be used not separately but in combination with the word INTEL (or “intel”). Therefore, the Court determined that, in comparing the disputed mark with the marks of the plaintiff, it had to view the word INSIDE as a part of the mark and compare the marks as a whole, rather than separating the word INSIDE from the plaintiff’s marks and comparing it to the disputed mark by itself. The Court
rejected the plaintiff’s argument that the disputed mark and those of the plaintiff were similar in appearance in that the dominant parts of the marks were the same because the word INSIDE was the dominant element of the marks and they all followed the typical format of “[word] INSIDE.”

2. Even though the plaintiff claimed that INTEL INSIDE had already become a famous mark, the Court still had to compare the marks as a whole instead of by separating the word INSIDE from the plaintiff’s marks and comparing it to the disputed mark by itself. Therefore, although the word INSIDE was a component of all, the difference between the dominant parts of the marks, “INTEL” and “POWER,” made the marks distinguishable from each other if the marks were viewed separately by the consumers at different times and places. The Court found that there was no likelihood of confusion in the eyes of the average consumer.

3. In assessing similarity, the comparison to be made had to be only between the disputed mark and the marks on which the opposition was based. The Court found it irrelevant that the plaintiff owned a family of trademarks in Taiwan based on the format of “[word] INSIDE.”

4. The previous opposition decisions of other jurisdictions or intellectual property offices, which were mentioned by the plaintiff in its argument, could not be relied on as support for the plaintiff’s position in the current case, as the trademark systems and examination criteria of each country were different, the designs of the marks were not the same, and the examination of trademark cases always must be decided on a case-by-case basis.

Accordingly, based on the above findings, the Court affirmed the earlier decisions of the IPO and the MOEA and dismissed the appeal.601

III.A.26. Bad Faith

Japan Tobacco Inc. (JTI) is the owner of trademark registrations for SEVEN STARS and its Chinese equivalent (CHIHSIN) in Taiwan. The company that was JTI’s contracted sales representative registered itself by using these two marks as specific portions of its English and Chinese company names, respectively. JTI sued to stop the use and amendment of its marks as the company names. The District Court ruled in favor of JTI.602

601. 92-Su No. 5579, Taipei High Administrative Court, March 3, 2005.
602. 93-Chi No. 16, Taipei District Court, August 6, 2004.
Thereupon, the sales representative filed an appeal with the High Court.

The issues before the Court were whether the appellant infringed JTI's exclusive trademark rights and whether JTI had a right to make the appellant change its company names.

In reviewing the evidence, the Court noted that the Taiwan Tobacco and Wine Monopoly Bureau (now the Taiwan Tobacco and Liquor Corporation) had ordered the tobacco products SEVEN STARS and MILD SEVEN from JTI in 1988. The Court was satisfied that the two products were well known to consumers in Taiwan by that time. As CHIHSIN was the direct Chinese translation of SEVEN STARS, the Court rejected the appellant's argument that it had invented the name. The Court found, further, that the relationship between SEVEN STARS and CHIHSIN was commonly known to consumers in the relevant markets.

Although JTI obtained the registration of the SEVEN STARS mark and its Chinese equivalent at a later date, the filing date of the trademark application was actually earlier than the date of the appellant's company registration. The High Court found that the appellant, as a result of its contractual relationship with JTI, was aware of JTI's marks by the time it applied for registration. The Court found, further, that the appellant did not act in good faith and that the way the appellant acted showed that it had the intention of infringing upon JTI's rights. As JTI was the registered owner of the marks, the Court held that it had the right to prohibit the appellant from continuing to use the marks as its company names and that it could compel the appellant to change the names under Articles 61 and 62 of the Trademark Law.603

Furthermore, according to the agreement signed by the parties, the appellant agreed that it would use the company names

603. Article 61 of the Trademark Law provides:

A trademark owner may claim for damages against the infringer of his/her trademark rights, and may request removal of such infringement. Where there is a likelihood of infringement, he/she may also request the prevention thereof.

In making requests under the preceding Paragraph One, a trademark owner may request the destruction or other necessary disposal of the infringing goods or of the materials or equipment which has been utilized to commit such infringing act.

Article 62 provides:

Committing any of the following acts without a prior consent from the trademark owner may be deemed an infringement of the trademark rights:

1. knowingly using a trademark identical or similar to another person's well-known registered trademark or using the word(s) contained in another person's well-known registered trademark as one's own company name, trade name or domain name or any other sign identifying the entity or source of one's business so as to dilute the distinctiveness or reputation of that famous trademark; or

2. knowingly using the word(s) contained in another person's registered trademark as one's own company name, trade name or domain name or any other sign identifying the entity or source of one's business, thus resulting in confusion to the relevant consumers of goods or services.
only while the contractual relationship existed; once the agreement was terminated, it would not continue operation with those names. This proved that the appellant did not have an unlimited right to use such names. The Court determined that, although the appellant was no longer operating in the market, JTI remained concerned that it might continue to use the names. The appellant continued to keep the names as its own after the agreement was terminated. Such behavior was held to be in violation of Article 24 of the Fair Trade Law.604

In conclusion, the High Court rejected the appellant’s arguments and affirmed the lower court’s decision. The appeal was therefore dismissed.605

THAILAND

I.B.7.b. Three-Dimensional Marks

The Thai Central Intellectual Property and International Trade Court (IP&IT Court) had the opportunity to examine the criteria for protection of product shapes as three-dimensional marks under Thai trademark law.

In its decision in Société Bic v. Department of Intellectual Property,606 the IP&IT Court considered Société Bic’s appeal of previous decisions of the Trademark Registrar and the Board of Trademarks rejecting four separate applications for three-dimensional trademarks. The first two applications involved two different “Cigarette Lighter Design” shapes for use with lighters, cigar holders, and cigarette holders, while the other two applications involved two distinct “Writing Instrument” shapes sought to be registered for use with pencils, pens, and pen heads.

The primary issue was the registrability of the shapes as represented in the applications—in particular, whether the shapes were sufficiently distinctive to be registrable as trademarks. The defendant in the case, the Department of Intellectual Property, raised the argument that the purported marks were directly descriptive of the products themselves and hence were unregistrable. The IP&IT Court held that there was no prohibition on the registration of the shape of a product itself as a trademark under either the TRIPS Agreement standards or the Thai Trademark Act. Further, the Court referred to the United Kingdom trademark law607 and the European Community

604. Article 24 of the Fair Trade Law provides that, “[i]n addition to what is provided for in this Law, no enterprise shall otherwise have any deceptive or obviously unfair conduct that is able to affect trading order.”
605. 93-Chi Shan No. 20, Taiwan High Court, January 12, 2005.
trademarks directive, both of which contain provisions that permit the registration of shape marks. It was clear to the Court that if an applicant could prove that a product shape had acquired distinctiveness or was inherently distinctive, it would be eligible for registration as a shape or three-dimensional mark.

In respect of the “Cigarette Lighter Design” applications, the IP&IT Court held not only that the shape was not necessarily functional but also that it was distinctive in appearance and could serve to assist consumers in distinguishing Société Bic’s lighters from other products in the market. Therefore, the lighter designs (see below) were found to be registrable.

![Cigarette Lighters](image1)

In respect of the other two applications, the Court felt that even though Société Bic’s “Writing Instrument” designs contained a commonly used and functional element (i.e., a long-shaped cylinder), the applied-for marks had other nonfunctional distinguishing characteristics (e.g., a hexagonal-shaped cylinder topped with a holed and cone-shaped cap connected with a clip and a circle stop at the bottom). (See below.) Société Bic was directed to disclaim the functional elements of the pen designs but was allowed to claim protection for the other elements, which had been found to be distinctive.

![Writing Instruments](image2)

In relation to the distinctiveness of the marks through use, Société Bic submitted evidence of registration in other countries and use of the four marks both inside and outside Thailand. This led the IP&IT Court to conclude that the marks should qualify as well-known marks. The Court held not only that all four marks were inherently distinctive in their own right, but also that even if the marks had not been inherently distinctive, Société Bic had proven that they had acquired distinctiveness through use. Accordingly, the IP&IT Court ordered that all four marks be registered, subject to the disclaimer.

The Department of Intellectual Property has appealed the ruling of the IP&IT Court to the Thai Dika (Supreme) Court. The appeal is still pending.

**III.D.2. Criminal Actions**

On September 15, 2000, a police-assisted criminal raid was carried out at a factory belonging to the defendant, Ms. Thidakul Jongsongserm. Numerous unfinished jeans bearing marks that infringed Levi Strauss & Co.’s design and word marks were seized, along with the equipment used to manufacture the infringing jeans. Based on its Thai trademark registrations, Levi Strauss filed a private criminal action in the IP&IT Court against the defendant, charging her with possession of goods bearing marks that forged Levi Strauss’s trademarks, under Section 108 of the Thai Trademark Act and Section 272 of the Thai Penal Code.

On June 18, 2002, the defendant was found guilty of the charges. The IP&IT Court sentenced her to serve one year and six months in prison and ordered the forfeiture of the seized goods and equipment, worth more than US $25,000.

The defendant appealed to the Thai Dika (Supreme) Court. On June 14, 2005, the Dika Court rendered its judgment and affirmed the IP&IT Court’s decision.609

The issue considered by the Dika Court was whether there was sufficient evidence that the defendant committed the offense of forgery of a registered trademark. Affirming the IP&IT Court’s decision, the Dika Court held that the stitching design on the back pocket of the unfinished jeans found on the defendant’s premises was confusingly similar to Levi Strauss’s registered “arcuate design” trademark610 (see below) and constituted forgery of a registered trademark under Thai law.

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610. Trademark Registration No. Kor 75056 in the name of Levi Strauss & Co.
In addition to pockets bearing the forged “arcuate design,” 1,200 fabric labels bearing an imitative mark LEVE STRAUSS & CO. were found by the police alongside the unfinished jeans. The police also found jeans the back pockets of which bore an inverted and curved V-shaped design that would be identical to Levi Strauss’s “arcuate design” if the seam were removed.

Based on the observations of the lawyers and the police captain commanding of the raid, the Dika Court held that the presence of the infringing sundries and back pockets found with the unfinished jeans, plus the defendant’s testimony that she had more than 20 years’ experience in the clothing business and was familiar with genuine Levi Strauss products, were sufficient evidence to show that Ms. Jongsongserm possessed the bad faith intent required to be found guilty of forging Levi Strauss’s “arcuate design” and LEVI’S trademarks.

The Thai courts’ vigilance in protecting intellectual property rights is demonstrated by a recent decision from the IP&IT Court in another criminal case, in which the defendant, Mr. Phisit Thavornwattanapong, a Thai manufacturer, was found guilty of infringement of a design belonging to Levi Strauss & Co.611

The defendant had been producing jeans that violated three of Levi Strauss’s design patents. The jeans’ overall pattern and seam stitch designs, and the stitching on the back pocket, copied Levi Strauss’s “Engineered Jeans®” patents. A police-assisted criminal raid on the manufacturer’s premises resulted in the seizure of thousands of pairs of the infringing jeans. While most criminal infringement cases involve a trademark or copyright, this case was exceptional, because rarely are apparel raids staged in response to infringement of patents for clothing designs. The defendant was charged with criminal violations of the Thai Patent Act and was ultimately convicted by the IP&IT Court of patent infringement, receiving a fine of THB 30,000.

Three pertinent issues were raised in litigating this case:

1. Legality of police search and seizure. The defendant argued that the search warrant lacked language permitting seizure of goods that infringed Levi Strauss’s design patents; rather, the warrant permitted seizure of goods

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that infringed Levi Strauss's trademarks. The court agreed with Levi Strauss that the seizure was legal even though the search warrant did not mention patent rights. After finding the jeans in question, the police formed the reasonable suspicion that the jeans infringed Levi Strauss’s design patents. It did not matter that the commission of the offense was on the defendant’s private property, because Section 92(2) of the Thai Criminal Procedure Code permits the police to search private property as long as they are armed with a valid search warrant.

2. **Validity of Levi Strauss & Co.’s design patents.** In order to compare the design captured in the patents with the defendant’s jeans, all three of Levi Strauss’s design patents were presented to the court. To further bolster the case, the patent examiner was called to testify about the legal and exclusive rights afforded Levi Strauss by virtue of its patent registrations, whose validity has never been contested by third parties. The court found that Levi Strauss was the rightful owner of the three design patents and was entitled to full protection under Thai law, as the three patents were currently valid.

3. **Intent to infringe Levi Strauss & Co.’s design patents.** Having considered Levi Strauss’s design patents and testimony in which the defendant admitted seeing the Levi Strauss jeans in question at a Levi Strauss store, the court held that the defendant should have known that Levi Strauss owned such designs. It held, further, that he possessed a criminal intent to manufacture jeans with designs that were similar or identical to Levi Strauss’s patented designs. Hence, Mr. Thavornwattanapong’s claim that he was merely filling customers’ orders was inadequate to refute the ample evidence of his bad faith intent to copy Levi Strauss’s designs.

This noteworthy decision is a rare example of the imposition of criminal sanctions for violation of the Thai Patent Act. It will not only educate the Thai public about patent rights and enforcement of patents in general but will also put infringers on notice that Levi Strauss will enforce its intellectual property rights in all forms.
The plaintiff, Leadtek Research Inc., instituted an action for the assignment of the trademark WINFAST on the ground that the defendant, Leadtek Bilgisayar Diş Ticaret Ltd. Şti., which was the plaintiff’s distributor, had registered the trademark without the consent of its proprietor. Leadtek Research claimed that (1) the WINFAST mark had been registered in various countries in its name; (2) the mark had been and was being used for computers and computer parts; (3) it had signed a distributorship agreement with the defendant; (4) the defendant had registered the trademark, which it had used in accordance with the distributorship agreement, in its own name; (5) the defendant’s registration was unlawful; and (6) although the defendant had warranted to assign the trademark, it had refrained from doing so.

The defendant argued that the plaintiff’s action should have been brought against the Turkish Patent Institute (TPI); that its registration of the trademark had been obtained before the date of the distributorship agreement (February 21, 2002); and that the plaintiff had not complied with the conditions of the agreement.

The Court rejected the defendant’s claims. As the trademark was registered in the defendant’s name, it was correct to institute the action against the defendant. The agreement regarding the assignment of the trademark was dated December 5, 2000, and the Court determined found that the agreement was in force as of January 1, 2000.

The Court found, further, that the trademark WINFAST had been registered on December 17, 1999; that the defendant had been using the word Leadtek, the essential element of the plaintiff’s trade name, since before that date; and that invoices dated August 9, September 14, and October 9, 1999, evidenced that there had been commercial relations between the parties before the mark was registered.

In view of the evidence and facts submitted to the file, the Court ruled that there was no need for evaluation by experts in this case. It accepted the plaintiff’s claims, cancelled the registration in the name of the defendant, and constituted the registration records in the name of the plaintiff.612

I.B.8.a. Similarity of Marks

An action was instituted for the withdrawal of the TPI’s final decision refusing the opposition filed against the application for

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registration of the trademark ABS SATEN PERDAH ALÇISI and for the cancellation of the trademark on grounds of its similarity to the plaintiff’s registered trademarks ÇBS SATEN and SATEN.

The plaintiff argued that use of the contested trademark could constitute confusion with its trademark SATEN and its series of trademarks including the word SATEN. It asserted that the defendant had applied for the registration of the mark SATEN and upon the TPI’s refusal of its application had instituted a court action against the TPI for the withdrawal of the refusal decision; that the 2nd Commercial Court had rejected the defendant’s claims; and that the lower court’s decision had been finalized upon approval by the Supreme Court. The plaintiff claimed that it had registered the trademark SATEN in 1985; that the mark had acquired distinctiveness as a result of its efforts; that the term SATEN (“SATIN”) did not exist in the painting trade; and that the defendant’s trademark, covering goods similar to the goods covered by the plaintiff’s registrations, was confusingly similar to the plaintiff’s trademarks.

In response, the defendant TPI asserted that the indication SATEN PERDAH ALÇISI (“SATIN FINISHING/POLISHING GYPSUM”), which referred to a kind of gypsum, was used as a general term in the trade; that the plaintiff’s registrations did not cover “gyypsum”; and that therefore the opposition, which was based on Article 8 of the Decree-Law on the Protection of Trademarks (Decree-Law No. 556),613 was not well grounded.

The defendant firm asserted that the action instituted against the TPI upon rejection of its prior application had been concluded when it decided not to pursue the action, and that therefore the TPI’s decision did not constitute a definitive verdict. It argued that the trademarks ABS SATEN PERDAH ALÇISI and SATEN were neither identical nor confusingly similar; that in 1984 it had started production of the sheering kind of gypsum under the name SATEN ALÇISI, in order to distinguish sheering gypsum from other types; that the plaintiff produced paint, not gypsum; that the goods covered by the trademarks in question were in different international classes; and that the goods were marketed in different packages.

The Court held that the registrations on which the plaintiff’s opposition had been based covered “external coverings in liquid form” in International Class 19, and thus there was no doubt that the goods covered by the specification of the defendant’s trademark were already included in the listing of goods in the plaintiff’s prior registrations. According to Article 7(b) of Decree-Law No. 556, a trademark that is either identical or indistinguishably similar to a trademark previously registered or applied in respect of similar

goods will be rejected for registration. Therefore, the defendants' claims regarding the non-similarity of the goods were not well grounded.

In addition, the Court held that in order for a party to assert that there is a finalized court decision regarding a given issue, the parties and the subject of the case at hand should be the same; therefore, the decision of the 2nd Commercial Court could not be considered finalized, as the subject and the parties of the case before the Court were different. However, the Court held that the finalized findings and descriptions regarding the claims and disputes in the prior case would be considered as influential evidence in this action. In both the former case and the current case the trademarks in dispute were almost identical, and both covered gypsum; therefore, the fact that the defendant had renounced its intention to pursue the earlier action did not affect the Court’s consideration as evidence of the 2nd Commercial Court’s ruling that the trademarks were similar.

As to the defendant’s claim regarding the genericness of the indication SATEN ALÇI (“SATIN GYPSUM”), the Court held that, according to the evidence in the file, the trademark had become well known through its use by the plaintiff, and that such claim could be put forward only in a separate action instituted on such basis. The Court also held that the defendant’s claim as to the non-use of the trademark in Class 19 could be put forward only in a separate cancellation action based on non-use.

In view of the above facts, the Court accepted the plaintiff’s claims. Accordingly, it cancelled the TPI’s refusal decision and annulled the defendant firm’s registration.614

An action was instituted for the withdrawal of the TPI’s final decision refusing the opposition filed against the application for registration of the trademark MİLKA MİLKİNS and for the cancellation of the registration on grounds of the mark’s similarity to the plaintiff’s registered trademarks SARAY MİLKİNS and VİLKINS.

A counteraction was instituted by Kraft Jacobs Suchard for the cancellation of the plaintiff’s trademark registrations for SARAY MİLKİNS and VİLKINS on grounds of unfair competition and infringement of its well-known trademarks MİLKA, MİLKA MİLKİNS, and MİLKİNS.

The plaintiff-counterdefendant claimed that the trademarks SARAY MİLKİNS and VİLKINS and the trademark MİLKA MİLKİNS were almost identical and that although the opposition filed against MİLKA MİLKİNS had been accepted, the Higher

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Council of Reexamination and Reevaluation had overturned the initial decision of the Trademarks Department and accepted the trademark for registration. On these grounds, the plaintiff requested the withdrawal of the administrative decision refusing the opposition against the trademark application for MİLKA MİLKİNİS and the cancellation of the registration for said trademark for similar goods.

The defendant TPI argued that the subject action was not well grounded and that the decision of the Higher Council of Reexamination and Reevaluation was in conformity with the law and procedure.

The defendant-counterplaintiff asserted that the trademarks MİLKA MİLKİNİS, MILKA, and MILKİNİS were well-known marks throughout the world; that the trademark MİLKA had been registered initially in Switzerland on March 16, 1901, and thereafter registered in many countries and internationally; that MİLKİNİS had first been used on February 17, 1989, and MİLKA MİLKİNİS on December 17, 1992; that the trademarks MİLKA MİLKİNİS and MİLKİNİS has been derived from the trademark MİLKA; that these trademarks had been registered in 55 countries nationally and internationally; that the trademark MİLKA and its derivatives had been used in Turkey since 1914; that although the defendant’s trademark had become well known in a very short period of time, as defined in Article 6bis of the Paris Agreement, the registration of the trademarks VİLKİNİS and SARAY MİLKİNİS in the name of the plaintiff-counterdefendant without the consent of the defendant, as owner of the well-known marks, should be considered in bad faith and abusive and therefore could not confer trademark rights on the plaintiff-counterdefendant. On such grounds, the defendant-counterplaintiff claimed rejection of the cancellation action instituted by the plaintiff-counterdefendant; the determination, prevention, and stopping of the trademark infringement and unfair competition caused by the registration of the trademarks VİLKİNİS and SARAY MİLKİNİS in the name of the plaintiff-counterdefendant; and the cancellation of the plaintiff’s trademark registrations including the words VİLKİNİS and MİLKİNİS.

The Court held that according to Article 53 of Decree-Law No. 556, which provides that “[a]ctions against final decisions of the Reexamination and Evaluation Board may be instituted with the competent court, within two months of notification of the said decision, in respect of the appeals provided for in Articles 47 to 52 inclusive,” the action for the withdrawal of the decision of the Higher Council was instituted after the expiration of the inextensible deadline for filing a court action. Therefore, the Court rejected the plaintiff-counterdefendant’s action against the TPI.
Further, the Court rejected the plaintiff-counterdefendant’s cancellation action, which had been instituted on August 21, 2000; on the ground that the action had not been timely instituted, as on the date the action was brought the trademark MİLKA MİLKİNİS had not matured into registration.

As to the counteraction by Kraft Jacobs Suchard, in respect of the claims of defendant-counterplaintiff, the Court ruled as follows:

1. According to the information and the evidence submitted to the file, the trademarks MİLKA, MİLKİNİS, and MİLKA MİLKİNİS were well known, as defined in Article 6bis of the Paris Agreement and Article 7(i) of Decree-Law No. 556.

2. The trademarks MİLKA, MİLKİNİS, and MİLKA MİLKİNİS were confusingly similar to the trademarks VİLKİNS and SARAY MİLKİNS.

3. The goods covered by said trademarks were confusingly similar as well.

4. Continuance of the registrations for the trademarks VİLKİNS and SARAY MİLKİNS would constitute trademark infringement, unfair competition, and unjust gain in favor of the plaintiff-counterdefendant.

5. The registrations for the trademarks VİLKİNS and SARAY MİLKİNS were to be cancelled.

The Court rejected the claims of the defendant-counterplaintiff that the use of the trademarks VİLKİNS and SARAY MİLKİNS constituted an act of unfair competition. It held that use of a right originating from a registration obtained in accordance with the law was not deemed to constitute unfair competition or trademark infringement.615

I.B.9.a. No Similarity of Marks

An action was instituted for the withdrawal of the TPI’s final decision refusing the opposition filed against the application for registration of the trademark EFE and for the cancellation of the registration for said trademark on grounds of the trademark’s similarity to the plaintiff’s registered trademarks EFES PILS, EFES PILZEN, and EFES PILSEN & Device.

The plaintiff claimed that (1) the trademarks EFE and EFES were identical except for the letter “S”; (2) the marks were similar in their entirety; (3) the first syllables of the trademarks were

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more emphasized by pronunciation; (4) the indication EFE stood out in the trademark EFES; (5) it was not possible to distinguish the trademarks from each other; (6) such similarity would cause confusion of the trademarks; and (7) registration of the defendant’s mark was contrary to Articles 56 and 57 of the Turkish Commercial Code (which deal with unfair competition).

In reply, the TPI asserted that the trademarks were not confusingly similar in such a way as to deceive the public in their composition and pronunciation and that the listings of goods covered by the respective trademarks did not show similarity.

The second defendant asserted that the indication EFE had been chosen as a trademark because the firm had been established in the Aegean part of Anatolia and its partners were from said area as well, and that therefore the trademarks and the goods covered were not confusingly similar.

The Court held that, according to Articles 7(b) and 8 (first and fourth paragraphs) of Decree-Law No. 556, a later application can be rejected only upon citation of an earlier trademark application or registration, provided the trademarks are either identical or similar, and that in this case it was obvious that the trademarks were not identical.

As to the similarity of the trademarks, the Court ruled that:

1. The trademarks were not similar in their semantic aspects, as the word EFE means “brave man, brother” in the Aegean area of Anatolia and EFES is the name of an antique city in Selçuk, near İzmir.

2. The trademarks were not similar visually, as the plaintiff’s trademarks consisted of two words and the defendant’s trademark consisted of three letters.

3. The trademarks were not similar phonetically as well.

As a consequence, the Court held that there was no risk of confusion between the trademarks, either in their visual, phonetic, or semantic aspects or in their overall impression.

As to the similarity of the goods covered by the subject trademarks, the Court ruled that, being in different international classes (Classes 32 and 33), the goods were not identical. It held that the goods could not be considered similar because there was no complementary or substitution effect and no competition between goods, the subject goods fulfilled different needs, and therefore the targeted consumers of the goods were different. The Court held, further, that no average consumer could buy the goods bearing the defendant’s trademark instead of the plaintiff’s products, in view of the economic importance of the goods and the time spent in purchasing them.

The Court rejected the plaintiff’s claims. As consumers would understand at once that the trademarks EFE and EFES were
different, it was out of the question that those marks belonged to the same owner or that the trademark owners were related administratively or economically. Because the differences between the trademarks, in terms of their visual, phonetic, and semantic aspects and their overall impression, were so highly developed, there was little risk of confusion even among a small percentage of consumers.\(^{616}\)

An action was instituted for the withdrawal of the TPI's final decision refusing the opposition filed against the trademark application for YENI EFE and for the cancellation of the registration for said trademark on grounds of the trademark's similarity to the plaintiff's well-known registered trademark EFES.

The plaintiff claimed that (1) the trademarks EFE and EFES were identical except for the letter “S”; (2) the marks were similar in their entirety; (3) the first syllables of the trademarks were more emphasized by pronunciation; (4) the indication EFE stood out in the trademark EFES; (5) it is not possible to distinguish the trademarks from each other; (6) such similarity would cause confusion of the trademarks; and (7) registration of the defendant's mark was contrary to Articles 56 and 57 of the Turkish Commercial Code (regarding unfair competition). The plaintiff requested withdrawal of the decision refusing the opposition against the trademark EFE and the cancellation of the registration for said trademark for similar goods, on the ground that the trademark constituted trademark infringement against its well-known trademark.

The defendant TPI asserted that the trademarks were not so confusingly similar as to deceive the public in their composition and pronunciation and that the respective listings of goods of the trademarks did not show similarity.

The defendant firm asserted that the indication EFE—which was known to have originated in the Aegean part of Anatolia—had been chosen as a trademark because the firm had been established in the Aegean part of Anatolia and its partners were from said area as well. Therefore, it argued that the trademarks and the goods covered were not confusingly similar.

The Court held that according to Articles 7(b) and 8 (first and fourth paragraphs) of Decree-Law No. 556, a later application can be rejected only upon citation of an earlier trademark application or registration, provided the trademarks are either identical or

similar, and that in this case it was obvious that the trademarks were not identical.

As to the similarity of the trademarks, the Court ruled that:

1. The trademarks are not similar in their semantic aspects, as the word EFE means “brave man, brother” from the Aegean part of Anatolia and EFES is the name of an antique city in Selçuk, near İzmir.

2. The trademarks were not similar in their visual aspects, as the plaintiff’s trademarks consisted of two words and the defendant’s trademark consisted of three letters.

3. The trademarks were not similar in their phonetic aspects as well.

As a consequence, the Court decided that there was no risk of confusion between the trademarks, either in their visual, phonetic, or semantic aspects or in their overall impression.

As to the similarity of the goods covered by the subject trademarks, the Court ruled that, being in different classes (Classes 32 and 33), the goods were not identical. The court held that as there was no complementarity or substitution effect and no competition between goods, as the subject goods fulfilled different needs, and as therefore the target consumers of the goods were different, the goods could not be considered similar. The Court held, further, that no average consumer could buy the goods bearing the defendant’s trademark instead of the plaintiff’s products, in view of the economic importance of the goods and the time spent in purchasing them.

The Court rejected the claims of the plaintiff. It ruled that as consumers would understand at once that the trademarks EFE and EFES were different, it was out of the question that those marks belonged to the same owner or that the owners were related administratively or economically. Owing to the highly developed differences between the trademarks in respect of their visual, phonetic, and semantic aspects and their overall impression, the risk of confusion, even for a very small percentage of consumers, was minimal.617

**II.D.1. Jurisdiction/Authority**

A court action was brought against the TPI for determination and acknowledgment of the notoriety of the trademark MADO.618


The plaintiff claimed that the history of the trademark MADO went back 150 years; that 6,000 tons of ice cream per year were produced under the MADO mark; that it had many branches in Turkey and abroad, which reached a very large number of customers; that it had won several awards as a result of the activities under the trademark MADO; that it had a very large market share as a leading company in Turkey with respect to its paid-in capital, turnover, profit, and paid company taxes; that it had owned eight registrations for the trademark MADO in Turkey since 1994; and that its trademark was registered in many countries according to the provisions of the Madrid Protocol. Consequently, the plaintiff claimed that its trademark had become a well-known trademark in the sense of Article 7(i) of Decree-Law No. 556.

The defendant pointed out that according to the established Supreme Court decisions on well-known trademarks it was mandatory to cite the TPI as defendant. It asserted that the concept of well-known trademarks in the sense of Article 7(i) of Decree-Law No. 556 includes the trademarks that are known in the concerned field of business in Turkey and abroad, are owned by a citizen of a Paris Convention country or by someone who has an enterprise in that country, and thus does not cover the trademarks known only in one country or a few regions of a country. The TPI argued, further, that in order to be considered as well known, the plaintiff’s trademark should fulfill the criteria determined by the WIPO committee of experts on well-known trademarks.

The plaintiff affirmed that it had filed no application with the TPI for the determination and acknowledgment of the notoriety of its trademark.

The Court rejected the plaintiff’s claims on the ground that although the competent authority to decide the notoriety of a trademark had not been clearly determined in the legislation and/or international treaties at the time the action was instituted, according to Article 1 of the advisory “Co-Decision” issued at the 34th Administrative Union/Council of WIPO, the competent authorities to decide the notoriety of the trademark would be (1) the authorized institution that provides protection for trademarks and (2) the courts. According to Decree-Law Nos. 554 and 556 and the international treaties of which Turkey is a signatory, the courts and the TPI are the competent authorities to determine and acknowledge the notoriety of trademarks. In fact, according to Article 13(b) of the amended Decree Law on the Establishment and Duties of the Turkish Patent Institute, the authority to determine the criteria regarding the notoriety of trademarks and to enforce and apply such criteria has been given to the TPI. The

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plaintiff had instituted the action without applying to the competent authority, that is, the TPI, for the determination and acknowledgment of the notoriety of its trademark, which is contrary to the registration system set forth in Decree-Law No. 556. Under such circumstances, as it was not possible to institute a court action directly without first following the legal procedure (i.e., without an unfavorable and finalized decision of the competent authority), the Court rejected the plaintiff’s claims on the ground that the requirements for filing the court action were not met, without pronouncing on the issue of the notoriety of the trademark.

A court action was brought against the TPI for determination and acknowledgment of the notoriety of the trademark BEYTI, for “Meat, fish; poultry and game meat ...” in International Class 29 and “Bread, pide (Turkish style calzone), pizza, lahmacun (Turkish style meat pizza)” in Class 30, and for the withdrawal of the administrative decision partially refusing the registration of the mark on the ground that the word BEYTI (a kind of kebab—grilled/broiled pieces of meat—named after the plaintiff) was descriptive and deceptive with respect to said goods according to Articles 7(c) and 7(f), respectively, of Decree-Law No. 556.

The plaintiff, Beyti A.Ş., claimed that it had acquired rights in the indication BEYTI owing to its two prior registrations; 620 that the word BEYTI had been used as a trademark for the rejected goods for more than 60 years; and that therefore the mark had acquired distinctiveness. Beyti A.Ş. further claimed that the trademark BEYTI had become a well-known trademark and that therefore the reputation of its trademarks should be determined and ascertained by the Court as well.

In response, the TPI argued that its decision was justified.

The Court, following the favorable conclusions of the expert’s report, held that, as defined in different sources, BEYTI was a special kind of kebab, which had been prepared by the founder of the plaintiff firm, Mr. Beyti Guler, and named after him, and that therefore it could not be considered as descriptive for the rejected goods. The Court determined that the trademark BEYTI had been registered since 1970 for the same goods in the name of the plaintiff; that the plaintiff had run a “meat restaurant” since 1945; that the mark had been the subject of several articles in magazines and newspapers and had acquired distinctiveness; and that therefore the trademark BEYTI could not be deceptive with respect to the rejected goods in the sense of Article 7(f).

The Court ruled that (1) the kind of kebab known as BEYTI KEBAB had been created and made well known and famous by the

620. Registration Nos. 122465 and 137514.
plaintiff; (2) although it had become the name of a special kebab and was widely used throughout Turkey under this name, the plaintiff still had registrations for the trademark BEYTI; (3) the word BEYTI had acquired distinctiveness through longstanding and qualified use by the plaintiff; and therefore (4) it was unjustified to reject the trademark according to Article 7(c) (descriptiveness) while disregarding the last paragraph of Article 7, which provides that “[t]he provisions of subparagraph . . . (c) . . . , above, may not be invoked to refuse the registration of a trademark that has been used before registration and through such use has acquired distinctive character in relation to the goods and services for which it is to be registered.”

With respect to the rejection on grounds of deceptiveness, the Court held that it was obvious that the indication BEYTI should not be considered as deceptive for the goods in Classes 29 and 30, because it was being used for the special kind of kebab created by the plaintiff and named after the firm’s founder, and because the indication had become well known and famous as a result of the acts of the plaintiff.

However, the Court rejected the plaintiff’s claim with regard to determination and acknowledgment of its trademark BEYTI, on the ground that no application was filed with the TPI for the acknowledgment of the notoriety of the trademark, and without following the procedure defined in Decree-Law No. 556 for registration of trademarks, it is not possible to directly institute a court action for determination and acknowledgment of the reputation of a trademark.621

III.A.1. Famous Marks

In an action for trademark infringement, the plaintiff sought the cancellation of the defendants’ trademark registrations for VETO GAP and GAP DENIM and the deletion of the word GAP from the trade names of the defendants, on grounds of their similarity to the plaintiff’s well-known trademark GAP, the notoriety of which had previously been acknowledged by the 2nd Commercial Court of Beyoğlu.622

The defendants did not reply to the requests of the plaintiff. The unfavorable expert’s report stated that the word GAP stood for the name of a project (Güneydoğu Anadolu Project – Southeastern Anatolia Project) and refers to a geographical area, and that therefore its use could not be prevented.


Disregarding the expert’s report, the Court ruled that in view of the finalized decision of the 2nd Commercial Court of Beyoğlu and Article 6bis of the Paris Convention, the plaintiff’s claims should be accepted in part. It ordered cancellation of the registrations for the trademarks VETO GAP and GAP DENIM, on the ground that use of the word GAP as a trademark would infringe the plaintiff’s trademark rights. However, the Court refused the plaintiff’s claim regarding the deletion of the word GAP from the defendant’s trade name, on the ground that such request had been refused in the finalized decision of the 2nd Commercial Court of Beyoğlu.623

III.A.2.b. Similarity of Marks

The defendant in Red Bull GmbH v. Orbital Kimya ve Gida Sanayi Ticaret A.Ş. appealed against the decision rendered by the court of first instance, which ordered the cancellation of the defendant’s registered trademark POWER BALL ENERGY DRINK & Bull Device on grounds of trademark infringement and unfair competition.624

The Supreme Court determined that a registrant has the right to use its trademark on its products, advertisement instruments, invoices, and other printed documents unless its trademark registration is cancelled. The court action was instituted on January 3, 2001, whereas the defendant had registered its trademark on December 21, 1998. Hence, the Supreme Court ruled, until the finalization of the Court’s cancellation decision, the defendant’s use of its registered and valid trademark would not constitute unfair competition.

Consequently, the Supreme Court partially overturned the first instance decision, ruling that with regard to determination and prevention of unfair competition, payment of moral compensation, and other rights of ancillary character that fell within the scope of the unfair competition action, the lower court’s holding was unjustified. The defendant’s other appeals were rejected.625

III.A.11.a. No Similarity of Marks

General Biscuits Belgie brought an action for cancellation of the defendant’s trademark registrations for PRENS, SARAY

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PRENS, SARAY SARAY PRENS, and HEDİYELİK SARAY PRENS on grounds of similarity to the plaintiff’s well-known trademark PRINCE, and for the determination of the notoriety of the trademark PRINCE and the stopping of unfair competition and its effects.

The plaintiff asserted that PRINCE had been registered and used in various countries throughout the world since 1955 and had been registered in Turkey since 1976, and that the defendant’s registrations constituted an infringement of its well-known trademark and an act of unfair competition. In addition, the plaintiff requested a determination of the notoriety of the trademark PRINCE and of the infringement of its trademark rights.

The defendant claimed that its trademarks including the word PRENS were registered for more than ten years; that therefore the time limit for instituting the cancellation action had already expired; and that its trademarks were distinctive and well known in Turkey, whereas the plaintiff’s trademark was not well known.

The panel of experts stated in its report that the plaintiff’s trademarks were registered all over the world; that they should be considered as well known; that the defendant’s trademarks SARAY and SARAY PRENS were registered in various countries and in Turkey; that said trademarks had been registered in 1989, 1990, and 1991 and were well known in Turkey as well, that the plaintiff was not ill-willed; that the plaintiff had not instituted its court action in five years according to Article 42 of Decree-Law No. 556; that the indications PRENS and PRENSES were not used alone, but together with the indication SARAY; and that therefore the trademarks had acquired distinctiveness from the plaintiff’s trademarks with respect to their essential components and, furthermore, as a result of their use.

Following the conclusions of the experts’ report, the Court ruled that as the defendant used the trademarks as SARAY PRENS and SARAY PRENSES, the trademarks were distinguishable and distinctive from the plaintiff’s trademark; that the defendant’s trademarks had been used in Turkey since 1989, that said trademarks had acquired distinctiveness through the endeavors of the defendant; and that therefore the requirements for the cancellation of the trademarks were not met.

The Court rejected the plaintiff’s claim as to the determination of the notoriety of its trademark, on the ground that because the TPI, which enforces decisions issued with regard to notoriety, had not been cited as the defendant, such decision would not be enforceable.626

III.D.2. Criminal Actions

In a series of actions brought against shopkeepers/retailers who were dealing with and selling counterfeit goods carrying the trademark LONGCHAMP, upon complaint filed by the plaintiff to the Public Prosecutor, the police raids effected upon his order resulted in the seizure of infringing goods on the shopkeeper’s premises, upon which the Public Prosecutor instituted a criminal action against the individual.

In each case, 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 registered trademarks of the plaintiff. The Court ordered the seizure of the confiscated counterfeit goods and applied the “penalty of imprisonment” among the triple alternative penalties determined in the amendment to Article 61A (last paragraph) of Decree-Law No. 566, dated June 26, 2004, based on the way the crime was committed and the seriousness of the crime. Each defendant was sentenced to the following:

- Two years of imprisonment.
- Closure of the defendant’s business premises for one year.
- Banning of the exercise of professional activity by the defendant for one year.
- Seizure of the confiscated counterfeit goods found on the defendant’s business premises.

The Court suspended and remitted to the future the serving of the penalties, as, on the basis of the defendant’s behavior during the proceedings, it was convinced that the defendant was not likely to commit a similar offense in the future.627

In the action against a shopkeeper/retailer dealing with and selling counterfeit goods carrying the trademark LONGCHAMP, upon complaint filed by the plaintiff to the Public Prosecutor, the police raids effected upon his order resulted in the seizure of counterfeits on the individual’s premises, upon which the Public Prosecutor instituted a criminal action against him.

In its decision, 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 registered trademarks of the plaintiff. In consideration of the fact that the infringement had been committed knowingly, the Court ordered the seizure of the confiscated counterfeit goods. It applied the amendment of Article 61A (last paragraph) of Decree-Law No. 556, which came into force on June 26, 2004, after the date of the crime, and condemned the defendant to:

- A heavy fine of 27,000 TRY (= US $20,219).
- Closure of the defendant’s business premises for one year.
- Banning of the exercise of professional activity by the defendant for one year.

The Court mitigated the above penalties in consideration of the defendant’s confession that the goods were counterfeit, and sentenced the defendant to the following:

- A heavy fine of 22,500 TRY (= US $16,849).
- Closure of the defendant’s business premises for ten months.
- Banning of the exercise of professional activity by the defendant for ten months.

The Court suspended and remitted to the future the serving of the penalties, as, on the basis of the defendant’s behavior during the proceedings, it was convinced that the defendant was not likely to commit a similar offense in the future.628

III.K. Counterfeiting Issues

As a result of the seizure by the Ambarlı customs authorities of containers with counterfeit cigarettes bearing the trademark MARLBORO, an action for trademark infringement and unfair competition was instituted against the shipping agent on the basis of the agent’s declaration regarding the cargo.

The defendant claimed that (1) he had no interest in the goods, which came from Egypt and were transiting through Istanbul en route to their destination in Bulgaria; (2) he was only the skipping agent of the container transporter; (3) the containers had been loaded and stacked by the sender in the Turkish Customs transitory/transit warehouse, and therefore their contents could not be known by the transporter or its agent; and (4) therefore, Article 61(e) of Decree-Law No. 556 (which provides that

participating or assisting in, or encouraging or promoting, certain acts, especially the sale, distribution, commercial use or importation, or holding for such purposes of goods bearing a trademark known to be an unlawful imitation, constitutes trademark infringement) could not be applied in this case.

The court of first instance ruled that there was no trademark infringement and unfair competition, as the goods had been brought through Turkish Customs in transit on order for foreign markets and the defendant, who acted as the agent of the transporter, was stated to be the transporter on the bill of lading. The court ruled, further, that as the defendant was not the transporter itself but only its shipping agent, under Article 119 of the Turkish Commercial Code he could not be indicated as the defendant in this case.629

Upon appeal by the plaintiff, the Supreme Court overturned the decision of the court of first instance. The Court held that although it was not possible to indicate the agent as defendant, in accordance with Article 119 of the Turkish Commercial Code, it was possible to take action against the agent for acts constituting a criminal offense.630

The Supreme Court held, further, that even though it was not possible to order the destruction of the goods, which had already been cleared by Customs, because, in actions for trademark infringement and unfair competition, the plaintiff has the right to claim compensation for moral and material damages, the case would have to be evaluated on its merits, as rejecting the action on the ground that it had been filed against the shipping agent would result in the denying of compensation to the plaintiff on the ground of unfair competition.

Accordingly, the Supreme Court ruled that as the bill of lading representing the goods had been issued to the order and name of the defendant, who was also acting as the consignee, under Articles 110(1) and 110(2) of the Turkish Commercial Code he had the right to receive the goods. Therefore, the action could be directed against the defendant, acting both as the agent and as the recipient of the goods, on the basis of the bill of lading.

The plaintiff brought an action for trademark infringement and unfair competition, based on the charge that counterfeit cigarettes bearing the trademarks MARLBORO and


This case was cited in the Ankara Bar Association Journal of Intellectual Property and Competition Law (Issue No. 2004/4). The names of the parties were not given.
PARLIAMENT had been kept in the defendant’s warehouse in the Mersin Free Zone. It sought the destruction of the counterfeits.\footnote{Case No. 2002/278, Decision No. 2002/771 ((Specialized) 1st Court of Istanbul for Intellectual and Industrial Rights, November 21, 2002).}

The defendant argued that goods subject to the transit pass could not constitute unfair competition.

Upon the upholding by the Supreme Court of the court of first instance’s rejection of the plaintiff’s claims,\footnote{Case No. 2003/2043, Decision No. 2003/8219 (11th Civil Chamber of the Supreme Court, September 23, 2003).} the plaintiff appealed for reconsideration of the Supreme Court’s decision.

On reconsideration, the Supreme Court overturned its prior decision. The Court noted that there was no conflict between the parties regarding the fact that the goods kept in the defendant’s warehouse were counterfeit goods, and that the matter under dispute was whether the transiting of goods through the free zones could constitute trademark infringement. The Supreme Court held that although free zones enjoyed immunity from duties, they were nonetheless within the borders of the country, and consequently there was no exception concerning the use and protection of trademark rights for the enterprises in free zones. Likewise, under Article 9 of Decree-Law No. 556, the importation and/or exportation of goods bearing a registered trademark can be prohibited by the rightful owner of the trademark; as the acts of infringement are not cited exhaustively in the statute, the transit passage of counterfeit bearing a registered trademark without the consent of the registrant should be considered an infringement of trademark rights. According to Article 61\(e\) of the Decree-Law, participation or assistance in, or encouragement or promotion of, the acts enumerated in subparagraphs 61\(a\)–61\(c\) (which cover, respectively, violations of trademark rights; use of an identical or confusingly similar trademark without the consent of the proprietor; and the sale, distribution, commercial use or importation, or holding for such purposes of goods bearing a trademark that is or should be known to be an unlawful imitation are considered trademark infringement as well. Furthermore, according to Article 64, a person who keeps in possession for commercial purposes the counterfeit product bearing the infringed trademark is responsible for compensating for the damages he has caused. In addition, as per Articles 105 and 109 of the Customs Regulation, transactions regarding counterfeit goods in free zones will be suspended.

In light of this statutory support, the Supreme Court overturned its previous decision and ruled that, in the absence of the consent of the trademark owner, the acts of the defendant, who kept the counterfeit goods in his possession for commercial purposes in the Mersin Free Zone, constituted trademark

\[631\]
infringement. Consequently, the Supreme Court overruled the decision of the court of first instance denying trademark infringement and unfair competition, because no evidence was produced to show the defendant’s intention to introduce such goods in free circulation within the country.633

UNITED KINGDOM

I.B.7.a. Two-Dimensional Marks

In Koninklijke Philips N.V. v. Remington Consumer Products Ltd et al.,634 both parties manufactured and supplied electric rotary shavers. The claimant was the proprietor of a trade mark (No. 1533452; the “452 mark”) consisting of a two-dimensional image of the top part of a three-headed electric shaver with an overall shape of an inverted triangle, with the three heads sitting within a raised faceplate of cloverleaf design superimposed on the triangle. The 452 mark was in this form:

![Image](image_url)

Philips alleged that Remington had infringed the 452 mark by selling models of electric shavers with heads identical or confusingly similar to it. Remington admitted to the act of selling such electrical shavers, but denied that this constituted an infringement of the 452 mark. Remington claimed that the 452 mark was invalid and should not have been registered because it consisted exclusively of the shape of the goods that was necessary to achieve a technical result. (Section 3(2)(b) of the Trade Marks Act 1994.)

The claimant argued that for the Section 3(2)(b) prohibition on registration to apply, all the essential features of the shape needed to be solely, or only, attributable to the achieving of the technical result, and that if some nonfunctional or aesthetic characteristics were included the prohibition would not apply. Only where the


This case was cited in the Ankara Bar Association Journal of Intellectual Property and Competition Law (Issue No. 2004/4). The names of the parties were not given.

634. [2004] E.W.H.C. 2327 (Ch.).
nonfunctional aspects were trivial in their impact on the overall impression of the shape could their existence not prevent the application of the prohibition. Philips submitted that the cloverleaf shape, although performing the functions of skin stretching and hair raising, also contained some nonfunctional yet essential characteristics, and thus Section 3(2)(b) would not apply.

The High Court held that the 452 mark was invalid. Whether a shape mark fell within the prohibition was a question of fact in each case, and it was necessary when assessing the shape to identify its essential characteristics or features. If these related solely to the achieving of the intended technical result, the prohibition would apply. That the shape might include nonessential elements that were not attributable to the intended function was irrelevant, as long as the overall shape was so attributable.

In addition, all the essential features of the shape had to be necessary for the function, and the fact that another shape would achieve the same result did not negate that. The functionality or lack of functionality of a feature was to be assessed objectively, without recourse to the intentions of the designer (which might be relevant but would not be conclusive).

On the facts, the cloverleaf was not an essential feature of the shape, but formed part of the overall triangular faceplate and was indisputably part of that faceplate. The faceplate as a whole constituted an essential feature of the shape. In addition, the cloverleaf did in fact also perform a function, and it was irrelevant that this function could also be performed by another shape. The application of Section 3(2)(b), the High Court held, did not “require an analysis of every square millimetre of each essential feature of a shape to see whether or not it performed a technical function. Provided each such feature as a whole performed a technical function, it did not matter that minute elements of it might not themselves contribute to that performance.”

**I.B.7.b. Three-Dimensional Marks**

*In re Trade Mark Application No. 2134604 in the Name of Bongrain SA*\(^{635}\) concerned the rejected application by Bongrain SA for registration of a mark consisting of a three-dimensional flower shape and the same shape with a ridged effect on the surface, for cheese and dairy products. The application was not limited with respect to the colour, rind, or wrapping of the cheese, and was irrespective of any label that would be attached to the cheese at the point of sale. The application was refused as being devoid of distinctive character.
The Court of Appeal upheld the earlier decisions. The test applied to shape marks was no different from that applied to other categories of marks.

A fancy shape is not, *per se*, sufficient to confer an inherently distinctive character for the purposes of registration. In order to be registrable, the shape has to perform the essential function of a trade mark, namely, to denote the commercial origin of a product to a consumer without risk of confusion. Where a shape is in fact significantly different from the norm of the relevant goods, it may fulfill this essential function, depending on the presumed expectation of an average consumer.

On the facts, the Court of Appeal decided that an average consumer did not expect to “eat trade marks and would be astonished to be told that the shape of the cheese in question was a trade mark.” Therefore, the shape of the cheese alone was not sufficient to distinguish the product’s commercial interest. This did not mean, however, that distinctiveness could not be achieved by educating the public to perceive the shape as a badge of origin.

In *Betafence Ltd v. Registrar of Trade Marks*, the claimant, a manufacturer and supplier of fencing products, had submitted applications for the registration as a mark of both a two-dimensional and a three-dimensional image of a wire fencing panel. The claimant argued that the shape of the wire fencing panel either was inherently distinctive or had acquired such distinctiveness through use.

On the facts, the High Court judge agreed with the hearing officer, who had found that whilst the marks applied for might well be of an unusual shape, they did not “create a departure from the norms and customs of the sector such as to cause average consumers of the sort in question to look upon the shape of the fence as a means of designating the origin of the goods, without being educated to this perception.” The fact that consumers were able to distinguish the claimant’s products from rival products did not mean that they would rely on the shape to indicate commercial source.

On the question of acquired distinctiveness, the evidence provided by the claimant consisted of promotional material. The judge held that this represented only the functional and aesthetic appeal of the fence panel’s shape, and not the panel’s commercial origin.

I.B.11.e. Bad Faith

In *Harrison v. Teton Valley Trading Co. Ltd.*, the applicant applied to register the mark CHINA WHITE, for alcoholic and nonalcoholic beverages in International Classes 32 and 33. The opponent was the owner of a nightclub called CHINAWHITE, which had operated under that name since November 1998. The opposition to the application was based on both Section 3(6) and Section 5(4)(a) of the Trade Marks Act 1994.

In August 1998, the opponent had instructed its bar manager and assistant bar manager to invent a recipe for a house cocktail, to be sold at the nightclub under the name CHINAWHITE. The barkeepers were given free reign apart from the restriction that the cocktail had to be white and use oriental flavours. In December 1998, the bar manager, Mr. Rymer, and his team entered into a confidentiality agreement with regard to the cocktail, and none of the signatories could have thought himself to be the sole owner of the recipe for or the name of the cocktail. There was also talk that Mr. Rymer would participate in any profits made should the drink be bottled and commercialised.

In November 1998, the applicant was approached by Mr. Rymer. Mr. Rymer claimed to have developed a premium cocktail called CHINAWHITE, and that a derivative of this was to be served at a new venue, also to be called CHINA WHITE. He stated that he would work there as a barman, but was not bound by any formal contract. The applicant carried out trade mark and company searches, and in March 1999 it applied to register the mark CHINA WHITE.

The opponent established that at the date of the application it had a reputation and wider goodwill in its nightclub CHINAWHITE.

The hearing officer rejected the application. He accepted the opponent’s claim under Section 3(6) that the application had been filed in bad faith, as the applicant had known of the opponent’s use of the CHINAWHITE name for its nightclub and the house cocktail served there. However, he rejected the opposition based on Section 5(4)(a).

On appeal, the High Court sustained the hearing officer’s holding, and the case came before the Court of Appeal. The court dismissed the appeal. It held that the applicant’s dealings had fallen short of the standards of acceptable commercial behaviour.


638. Section 3(6) provides: “A trade mark shall not be registered if or to the extent that the application [for registration] is made in bad faith.” Under Section 5(4)(a), “[a] trade mark shall not be registered if, or to the extent that, its use...is liable to be prevented...by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade.”
The Court of Appeal clarified that the test for bad faith contains both a subjective (mental state) element and an objective element: the applicant would need to realise that his behaviour fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular field at issue, and that persons adopting these proper standards would consider the application to have been made in bad faith. Dishonesty was not a prerequisite for bad faith.

III.A.3. Prior User

In *I.N. Newmans Ltd v. Adlem*, the claimant was the successor to a funeral services business, trading under the name Richard T. Adlem Funeral Director, that had originally been set up by the defendant, Richard T. Adlem. Adlem had subsequently set up an independent funeral business under the same name (i.e., his own name).

Besides bringing an action for passing off, the claimant had sought a declaration of non-infringement of the defendant’s trade mark (should this have been validly registered) on the basis of rights obtained as a prior user under Section 11(3) of the Trade Marks Act 1994. Section 11(3) provides: “A registered trade mark is not infringed by the use in the course of trade in a particular locality of an earlier right which applies only in that locality.” For these purposes, “earlier right” means an unregistered trade mark, which includes a claim for passing off under common law.

The High Court concluded that the passing off action could not succeed, because the name used by the claimant had become associated with both the claimant and the defendant. However, the court accepted the claimant’s argument that, for a claim under Section 11(3) to succeed, the earlier right did not need to be enforceable against the defendant provided it was enforceable against a third party.

The Court of Appeal subsequently overturned a number of aspects of the High Court’s decision. However, it agreed with the High Court’s analysis of the operation of Section 11(3).

III.A.23. Abuse of Process

In *Hormel Foods Corp. v. Antilles Landscape Investments NV*, the claimant was the proprietor of the trade mark SPAM,

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639. [2004] E.W.H.C. 1563 (Ch.).
640. For a full discussion of the facts of this case, see III.B.1. Passing Off.
641. For a full discussion of the passing-off element of this case, see III.B.1. Passing Off.
643. [2005] E.W.H.C. 13 (Ch.).
for processed meat. Originally, the claimant applied to the Registrar of Trade Marks for a declaration that the defendant’s trade mark SPAMBUSTER (a figurative mark comprising the word and claiming the colours red and yellow), registered in relation to services in International Class 42 (computer programming and the filtering of unsolicited emails), was invalid on the basis that it was partially identical to and similar as a whole to the claimant’s earlier trade mark. Hormel accepted that the services were dissimilar, but claimed that the use and registration of the defendant’s SPAMBUSTER mark were detrimental to the repute or distinctiveness of its trade mark SPAM. Hormel’s application was rejected by the Registrar.

In subsequent proceedings, the claimant sought a declaration that the defendant’s registration either was invalid or should be revoked on the basis that it was devoid of distinctive character, consisting exclusively of signs that either were descriptive or generic at the application date or had become so subsequently as a result of the defendant’s inaction.

The High Court held that Hormel was barred from bringing a claim for a declaration of invalidity based on the doctrine of cause of action estoppel. This doctrine prevents “a party from asserting or denying, as against the other party, the existence of a particular cause of action, the non-existence or existence of which has been determined by a court of competent jurisdiction in previous litigation between the same parties.”

The current claim for a declaration of invalidity was the same in nature as the original claim, even though it was based on different subsections of the Trade Marks Act 1994, as the declaration sought related to the validity of the trade mark at the time of the application.

However, cause of action estoppel did not apply to the claim for a declaration of revocation. “A claim for revocation of a trade mark is fundamentally different to a claim that the trade mark was invalidly registered,” as it relates to events subsequent to a registration that may well have been valid at the date of the registration. The High Court accepted that “it might cause serious problems if an unsuccessful attack on the validity of a registration was held to be an absolute bar to a later claim of revocation.” Nonetheless, on the facts, the court held that the claim for a declaration for revocation was an abuse of process, on the basis that the claimant ought to have included it in its original claim.

III.B.1. Passing Off

The claimant in *I.N. Newmans Ltd v. Adlem* brought a claim for, *inter alia*, passing off. Newmans provided funeral, undertaking, and memorial services to the general public. The defendant, Richard T. Adlem, had traded as a funeral director since 1965 under the name Richard T. Adlem, Funeral Director.

In 1993, Adlem sold his funeral services business as a going concern to Stephen Beckwith and leased his Chapel of Rest to Beckwith for the term of nine years. The sale contract stated that the business would be carried on by Beckwith “in succession to the Vendor to the exclusion of the Vendor.” The sale also included the goodwill of the business (and indeed the majority of the purchase price was allocated to this), and Adlem entered into a restrictive covenant not to trade in competition with the business for a period of five years within a radius of 10 miles without Beckwith’s consent. As Stephen Beckwith did not have any experience in the funeral services business, Adlem continued to aid Beckwith and to direct funerals for him. In the meantime, Adlem also continued his memorial stone business under his own name, as had been agreed by the parties.

In May 2000, Beckwith sold the funeral services business to Newmans, and Newmans was assigned the right to use the names Richard T. Adlem Funeral Director and Adlem and Beckwith. Between May 2000 and February 2001, Adlem assisted Newmans in a number of funerals, being aware at the time that the firm was using the name Richard T. Adlem Funeral Director. In addition, the parties were negotiating the terms of a new lease on the Chapel of Rest.

Negotiations between the parties broke down, however, and from March 2001 Adlem began advertising his own funeral services, under the name Richard T. Adlem Funeral Director. In addition, he sought to prevent Newmans from placing advertisements in the same local parish magazines, and referred to himself as “the original” and “the one and only.” Adlem applied for and obtained a registration of the trade mark RICHARD T. ADLEM FUNERAL DIRECTOR in respect of both gravestone and monumental mason’s services and funeral services, undertaking services, and memorial services.

In the High Court, it was held that the sale of goodwill in connection with a business sale would include the right to use the name, in the absence of any express terms to the contrary. On the facts, it was difficult to see what else, if not the right to trade as Richard T. Adlem Funeral Director, would constitute the goodwill of the business. However, owing to the fact that Adlem had subsequently been involved in the business, it could not be said
that the name was exclusively associated with the business of either party; and the judge noted that the local community perceived the business either as that of the defendant or as one in which the defendant’s services might be retained.

The claimant appealed this decision. The Court of Appeal held that there was passing off, and hence that the registration of the mark was partially invalid.\textsuperscript{646}

With regard to the contract entered into between Adlem and Beckwith in 1993, the Court of Appeal agreed with the High Court that this effected the sale of the entire business as a going concern complete with any goodwill, including any goodwill in the name Richard T. Adlem Funeral Director. Having sold the goodwill, the defendant was under a duty not to derogate from his grant and hence “to make it absolutely clear that the two businesses are distinct.” Once he had sold this goodwill, he did not have the option of starting a fresh business under exactly the same name, and the fact that the restrictive covenant had come to an end was irrelevant to this question.

The Court of Appeal also found that the defendant’s continued association with the claimant’s business did not generate or reinforce any goodwill belonging to the defendant, as he was working for the business that he had sold. The fact that he was engaged as an independent contractor rather than an employee of the business did not alter this conclusion.

\textit{Perkins v. Shone et al.}\textsuperscript{647} concerned an action for passing off in relation to certain dart flights marketed under the names PENTATHLON and/or PEN-TATHLON. The claimant, Mr. Perkins, was the purchaser of a wholesale business called House of Darts. The defendants were Retriever Sports Ltd; Retriever’s majority shareholder and director, Mr. Pope; and Mr. Shone, the owner of another wholesale business, Tommy’s Darts. Retriever is one of two main manufacturers of darts products in the United Kingdom.

In 1987, Retriever started to manufacture PENTATHLON darts and to supply these exclusively to House of Darts. No formal arrangement was ever entered into between the parties in this regard. On the sale of the House of Darts business to Mr. Perkins in 2003, however, Retriever refused to supply him and instead started supplying other wholesalers, including Tommy’s Darts, with the goods. The claimant alleged that Retriever’s sale of these darts to other wholesalers and the subsequent resale constituted passing off as regards the PENTATHLON darts.

\textsuperscript{647} [2004] E.W.H.C. 2249 (Ch.).
There was evidence that Retriever did not do anything other than manufacture these darts: when other wholesalers approached the firm with a request for PENTATHLON darts, Retriever would refer them to House of Darts. House of Darts also had undertaken all the advertising in respect of the brand, and had erroneously put the copyright symbol after the name PENTATHLON. The High Court therefore decided that the goodwill in the brand originally had belonged to House of Darts and as such was passed on to Mr. Perkins.

As regards the action for passing off, however, the judge held that the requirement of misrepresentation by the defendants leading, or likely to lead, to confusion of the public was not made out on the facts. The actual goods supplied by the defendants were in fact genuine, and thus no deception occurred. The claimant contended that the deception occurred with respect to the representation that the darts sold were of a quality approved by House of Darts. However, the defendants could not establish that this was in fact the expectation of the market in question, and the claim failed.

This decision, if correct, would severely limit the use of the law of passing off to prevent a manufacturer commissioned by a rights holder from manufacturing, and selling to third parties without authorisation, products under the name of the rights holder. It remains to be seen whether the decision will be followed in the future.

In Phones 4u Ltd & Caudwell Holdings Ltd v. Phone4u.co.uk Internet Ltd, Abdul Heykali et al.,648 the High Court found that the registration and use of the domain name phone4u.co.uk did not amount to passing off.649

The claimants had been involved in the retail sale of mobile phones and related services and products since about 1987. An application for registration as a trade mark of the claimants’ logo (see below), which was filed in January 1999, was granted in October 1999 subject to the limitation that the mark was registered only in connection with the colours red, white, and blue (on the basis that “phones4u” was otherwise a descriptive term and lacked distinctiveness). Phones 4u had registered the domain name phones4u.co.uk in March 1997; the firm had used it mainly for email correspondence until Easter 2001, when e-commerce began from the website launched in October 2000.

649. This case also involved an action for infringement of a registered trade mark. That failed on the same grounds as the claim for passing off: lack of evidence of deception on the part of the defendant. In addition, certain limitations in respect of the registered trade mark (in terms of the colour of the logo) meant that the rights in connection with the mark were equally restricted, and on the facts there was no infringement.
In August 1999, the second defendant, Mr. Heykali, had registered the domain name phone4u.co.uk. He had initially used the website to advertise products and services obtainable from a company called Mobile Communication Centre, which he and a friend had set up together in January 2000 and which closed in 2001. The website became e-commerce enabled in about July 2001. In 2003, Heykali added certain metadata, including the term “phones4u,” to the site, and thereby increased the number of visits to his website.

In 2001, Heykali had registered two further relevant domain names in his name. Notice having been given by the claimants, these were not renewed, and they were then re-registered by the claimants for their own use.

The High Court held that the relevant date for assessing the passing-off claim was August 1999, the date of Heykali’s registration of the domain name, that being the date that the conduct complained of commenced. As the term “phones4u” was descriptive rather than inherently distinctive, it was for the claimants to prove that their mark had acquired distinctiveness through use or by association. This was a question of degree, but mere evidence of extensive use was not, per se, sufficient: the claimants had to show that the trade mark had really become accepted as such by a substantial majority of persons.

Although the claimants submitted evidence to establish this reputation, the judge found it unsatisfactory. He held that they had not established the necessary reputation by August 1999. The judge accepted that Heykali was not aware of the claimants until early 2000.

In addition, although there was evidence of confusion between the parties’ websites, this was not sufficient: the onus was on the claimants to show deception leading to damage, and there was no evidence of such. Heykali’s use of the metadata was likely to increase the likelihood of confusion, but again there was a lack of evidence of deception on his part.

The claimants had also brought forward arguments in line with the One in a Million case,\(^\text{650}\) that is, that the registration of the domain name was an instrument for fraud and therefore a case for passing off was made out. This was rejected by the judge on the basis that Heykali had not been aware of the claimants at the time

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of the registration, and because of the different nature and trading style of his business.

**III.B.4. Advertising**

In *O2 Holdings Ltd & O2 (UK) Ltd v. Hutchison 3G UK Ltd*, the defendant launched a television, radio, and press advertising campaign comparing its own “pay-as-you-talk” mobile phone services with those of O2, whereby the services offered by O2 were said to be more expensive than those of Hutchison. O2 objected to these advertisements on the basis that they grossly oversimplified the situation and therefore constituted unfair comparison. In addition, O2 claimed that Hutchison had infringed its trade marks O2 and bubbles by using them in the advertisements. In answer to the infringement claim, Hutchison denied infringement but also relied upon the comparative advertisement defence, to be found in Section 10(6) of the Trade Marks Act 1994. O2 applied for an interim injunction restraining Hutchison from further publishing or broadcasting these advertisements, both in the interim and permanently, and from using the O2 and bubbles trade marks.

The High Court refused to grant the interim injunction, on the grounds that (1) both in principle and in consideration, this was only an interlocutory hearing; (2) the comparison was true in its “take home message”; and therefore (3) the question whether the advertisements were in accordance with honest practices did not arise. It held that when considering comparative advertisements, a court must take into account the fact that the public is used to the advertiser’s hyperbole, and it was not the role of the judge to enforce through the back door of trade mark legislation a more puritanical standard than the general public had come to expect. An advertisement that was significantly misleading, however, was not honest for the purposes of the comparative advertising defence. It was established policy that the right to make accurate comparative advertisements should not be interfered with by an allegation of infringement of a trade mark when the trade mark needs to be used in order to identify the services with which the defendant wishes to compare prices. For this to apply, however, the comparative advertisement has to be in accordance with honest practices in industrial and commercial matters. In addition, it must be shown that the use of the trade mark in the comparative advertisement was indeed indispensable.

Accordingly, the High Court ruled that, on the evidence before the judge, the damage that O2 might suffer from Hutchison’s advertisements was not such as to justify an interim injunction,

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651. [2005] E.W.H.C. 344 (Ch.). It should be noted that the claimant has applied for a referral to the ECJ with regard to 12 questions arising in connection with the proceedings.
although there was indeed a case to be heard both from the defendant and from the claimant.

**III.J. Gray Marketing**

In *Quiksilver Pty Ltd et al. v. Charles Robertson (Developments) Ltd*, the claimants were the Australian clothes company Quiksilver Pty Ltd, the owner of the QUIKSILVER trade marks, and its European exclusive licensee of the trade marks, Na Pali S.A.S., which was entitled to bring infringement actions on its own behalf should Quiksilver choose not to do so. The defendant owned a discount retail outlet in Cornwall called Trago Mills.

The defendant sold genuine QUIKSILVER goods, which had originally been manufactured in Turkey by a company named Palimar under a licence by Quiksilver that restricted Palimar’s right to distribution of the manufactured goods to certain countries in Asia. Goods destined for certain Russian territories were sold by the bank of the Russian consignee after the Russian consignee had defaulted in its payments via a series of wholesalers, and some of these goods were eventually bought by the defendant.

The main issue in this case before the High Court was whether Quiksilver had consented to the placing of the goods onto the European Economic Area (EEA) market.

In order to determine this issue of consent, the judge applied the test established by the ECJ in *Zino Davidoff SA v. A & G Imports Ltd*, that consent must be expressed so that an intention to renounce the rights to oppose the placing of goods on the market within the EEA was “unequivocally demonstrated.” In exceptional circumstances, the test might be satisfied by implied consent, but only where the facts and circumstances “unequivocally demonstrated” that these rights had been renounced. Such implied consent could not be inferred from:

a. The fact that the proprietor of the trade mark had not communicated its opposition to the marketing of the goods;

b. The absence of any warning carried on the goods that they must not be put on the market; or

c. The fact that the proprietor had transferred ownership of the goods without imposing contractual restrictions in this regard.

In this case, the defendant (who has the burden of proof in this regard) relied on the fact that there had been no contractual restrictions imposed on the Russian consignee with regard to the territories into which the goods could be sold. In addition, the argument was put forward that Quiksilver had subsequently

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consented to the marketing of the goods in the EEA because it had not taken legal action against the Russian consignee’s bank, despite having sent the bank a letter of objection.

On the facts, it was found that Palimar had not impliedly consented to the placing of the goods on the market in the EEA on behalf of Quiksilver, and even if it had, this consent would not have been binding on Quiksilver because of the territorial restriction in Palimar’s licence.

If Palimar had not consented on behalf of Quiksilver, could it then be said that Quiksilver itself had impliedly consented to the placing of the goods on the EEA market? The High Court held that Quiksilver’s alleged failure to monitor the activities of Palimar (and there was no evidence of such a failure) was insufficient to justify such a finding.

III.K. Counterfeiting Issues

In *R v. Rachel McCrudden*, the Court of Appeal considered the interpretation of Section 92(5) of the Trade Marks Act 1994, which provides a defence to criminal proceedings brought under Section 92 of the Act, where the defendant “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.”

The defendant and appellant, Rachel McCrudden, had pleaded guilty to trade mark infringement for the sale of counterfeit goods bearing brand names such as LOUIS VUITTON, BURBERRY, and NIKE. She claimed to have bought the goods from a third party who had been recommended to her as a trustworthy businessman. Some of the goods that she was selling were, in fact, genuine articles.

In connection with the Section 92(5) defence on which she sought to rely, Ms. McCrudden submitted the following:

1. That she knew that the goods were designer makes or brands;
2. That she did not know what a registered trade mark was; and
3. That she had no reason to believe that the goods were not genuine.

The Crown maintained that although knowledge of the trade mark is presumed for the purpose of the Section 92 offence, a defendant relying on the Section 92(5) defence must show relevant knowledge of the trade mark.

The Court of Appeal agreed with the Crown. Section 92(5) did not “provide a general defence of good faith.” The appellant

therefore had to prove that she knew there was a trade mark but that she reasonably believed her use of it was not an infringement. To prove mere ignorance of infringement was insufficient.

URUGUAY

I.B.22. Distinctiveness

Unilever N.V. filed an application for REXONA IONIC to cover “soaps; perfumery, essential oils, cosmetics; colognes, eau de toilette, perfume body sprays; oils, creams and lotions for the skin; shaving foam, shaving gel, pre-shave and after-shave lotions; talcum powder; preparations for bath and shower; hair lotions; dentifrices; non-medicated mouthwashes; deodorants; antiperspirants for personal use; [and] non-medicated toilet preparations” in International Class 3. The Uruguayan Patent and Trademark Office (PTO) granted the application but denied Unilever exclusive rights over the term IONIC, on the ground that it was considered a generic expression and therefore was included in the prohibitions of the Uruguayan Trademark Act. Unilever filed an administrative appeal against the PTO’s decision.

On appeal, Unilever argued that “ionic” was not a word that was commonly used to refer to the products covered by its mark. On the contrary, the company alleged, the word was novel and special and had the fantasy required for it to be admitted in the register. However, the Board of Appeals in Trademark Matters, basing its decision on the ground set forth by the PTO, dismissed Unilever’s petition and confirmed the contested action.

Unilever presented a final claim before the High Administrative Court, the highest tribunal in Uruguay with jurisdiction over administrative decisions issued by governmental bodies, seeking annulment of the PTO’s resolution. In support of its position, the appellant furnished abundant materials evidencing its worldwide registration—with exclusive rights over the term IONIC—and use of REXONA IONIC, and illustrating said mark’s international notoriety and widespread renown among consumers, including those in Uruguay.

The Court accepted Unilever’s claim and annulled the contested decision.

In their ruling, the judges stressed that the company was justified in its claim, as it was evident that the term IONIC, even in its Spanish form (IONICO), did not refer to any characteristics

or features of the products concerned. Moreover, the mark applied for should be considered a fantasy mark, because when it was regarded as a whole, and in view of the products it was specifically meant to cover in Class 3, it presented the characteristics of novelty and specialty required by the Uruguayan Trademark Act. Thus, it had to be accepted in the register without any limitations. The judges also noted that “ionic” is not a Spanish word but an English one, whose Spanish translation, iónico, means “of, containing, or involving ions.” Therefore, when applied to the products the mark was intended to cover, the term clearly fell under the category of “fantasy, novel and special,” and thus it was rightly included in the expression that formed the mark.

Last, the High Administrative Court held that the mark applied for was a phrase and was supposed to be seen in its entirety and not as separate words. Therefore, it could not be divided or dissected, as that would take away the meaning, sense, and harmony Unilever sought to convey in creating the mark. The judges emphasized that in this case the Court was not asked to consider just the term IONIC but instead had to deal with a more complex expression that included also the notorious mark REXONA.

VIETNAM

I.B.4. Geographical Names

Cosmos Mode AG, a Swiss company, filed an international application for registration of the trademark CASA BLANCA, covering goods in International Classes 3, 18, and 25.

The application designated 33 countries, including Vietnam. After conducting its examination, the Vietnamese National Office of Intellectual Property (NOIP) refused to grant protection for the mark in Vietnam, on the basis that CASA BLANCA is a geographical name, specifically, that of a city in Morocco, and therefore this mark could confuse consumers as to the origin of the products.658

Cosmos Mode AG lodged an appeal against the NOIP’s refusal, principally on the following grounds:

1. CASA BLANCA is not a geographical name. In fact, it does not refer to the city in Morocco. The CASA BLANCA mark is written as two separate words, meaning “white house” in Spanish, whereas Casablanca, the name of the city, is written as one word. Clearly, therefore, the mark and the name of the city are structurally different.

2. Registration of the trademark CASA BLANCA had initially been refused by the Swiss Trademark Office, which had raised the same objection as the NOIP. However, Cosmos Mode AG had successfully overcome the objection on appeal, based on the arguments outlined above.

After considering the arguments of Cosmos Mode AG’s intellectual property agent, the NOIP accepted the argument that CASA BLANCA is a combination of two separate words and thus is different in both structure and meaning from Casablanca, which is written as one word and is a geographical name. Accordingly, the NOIP determined that there should be no confusion among consumers as to the origin of the goods covered by the mark, and it granted protection to CASA BLANCA.659

V.A. Domain Names

On January 22, 2004, Mr. Johnny Le, of California, U.S.A., applied for registration of the domain name tide.com.vn. The Viet Nam National Internet Center (VNNIC) granted registration four days later.

Procter & Gamble Company (P&G) is the owner of a number of trademarks incorporating TIDE and TIDE & Device, which are registered in Vietnam for use in connection with, among other things, detergent products. Those trademarks are very well known to customers not just in Vietnam but all over the world. On September 27, 2004, P&G filed an appeal with VNNIC requesting cancellation of the domain name tide.com.vn, based on the following arguments:

1. The registered domain name tide.com.vn created a likelihood of confusion among customers with the registered trademarks of P&G; and

2. The registration was in bad faith and limited the legitimate rights of P&G as trademark owner. This argument was illustrated by a confirmation letter from the Vietnamese National Office of Intellectual Property.

The VNNIC informed Mr. Le of P&G’s appeal and requested that he contact and negotiate with P&G for an amicable resolution; however, no negotiation was initiated. As a consequence, in consideration of the strong arguments and evidence submitted by P&G, the VNNIC finally concluded that Mr. Le had violated the applicable Vietnamese law and regulations on management of Internet resources by registration of tide.com.vn for purposes of the sale of the domain name to the trademark owner or any other third parties, and it revoked the registration. Following the

revocation decision, P&G applied for registration of the domain name in its own name.

This case is noteworthy because the main ground for the VNNIC’s cancellation of Mr. Le’s registration of tide.com.vn was that the registration violated Vietnamese law and regulations on management of Internet resources. In reaching its decision, the VNNIC did not officially consider the conflict of interest between the domain name registrant and the trademark owner because current Vietnamese law does not set out any procedure for settlement of domain name disputes between domain name registrants and trademark owners. Moreover, the VNNIC does not recognize the prevailing validity of a registered trademark against a similar or identical domain name.

It is, therefore, likely that trademark owners will have to devote considerable time, effort, and expense to retrieving their legitimate rights to any domain names that are similar or identical to their registered trademarks. In some cases, where the trademark owner cannot prove that the domain name was registered solely for purposes of its sale to the trademark owner or a third party, the owner may never be able to revoke the registration and reregister the domain name.
<table>
<thead>
<tr>
<th>Mark</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 123</td>
<td>375</td>
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</tr>
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<td>5TH AVENUE</td>
<td>515</td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
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<td>535</td>
</tr>
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<td>428</td>
</tr>
<tr>
<td>ACTIVIR</td>
<td>428</td>
</tr>
<tr>
<td>ADJUDIC</td>
<td>409</td>
</tr>
<tr>
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<td>482</td>
</tr>
<tr>
<td>ADIROLO</td>
<td>482</td>
</tr>
<tr>
<td>AFRICA'S LUSTY, LIVELY</td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
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<tr>
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</tr>
<tr>
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<td>477</td>
</tr>
<tr>
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<td>477</td>
</tr>
<tr>
<td>AIRMAX</td>
<td>459</td>
</tr>
<tr>
<td>AKAI</td>
<td>485</td>
</tr>
<tr>
<td>AL-AMIN</td>
<td>478</td>
</tr>
<tr>
<td>AL-AMIN FOR INTEGRATED</td>
<td></td>
</tr>
<tr>
<td>SYSTEMS</td>
<td>478</td>
</tr>
<tr>
<td>ALFA ROMEO</td>
<td>419</td>
</tr>
<tr>
<td>ALMAX</td>
<td>459</td>
</tr>
<tr>
<td>ALMONDO</td>
<td>424</td>
</tr>
<tr>
<td>aMaDEUS</td>
<td>288</td>
</tr>
<tr>
<td>AMADEUS</td>
<td>288</td>
</tr>
<tr>
<td>AMADEUS AIR SALZBURG</td>
<td>288</td>
</tr>
<tr>
<td>AMERICA'S LUSTY, LIVELY</td>
<td></td>
</tr>
<tr>
<td>BEER BREWED IN SOUTH AFRICA</td>
<td>504</td>
</tr>
<tr>
<td>ANTWERPEN ZINGT</td>
<td>302</td>
</tr>
<tr>
<td>APPLE</td>
<td>458</td>
</tr>
<tr>
<td>AQUAFRESH</td>
<td>391</td>
</tr>
<tr>
<td>“arcuate design”</td>
<td>531</td>
</tr>
<tr>
<td>AST-PRA</td>
<td>272</td>
</tr>
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<td>272</td>
</tr>
<tr>
<td>ATE</td>
<td>335</td>
</tr>
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<td>335</td>
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<td>375</td>
</tr>
<tr>
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<td>482</td>
</tr>
<tr>
<td>AZZARA REPUBLIC</td>
<td>482</td>
</tr>
<tr>
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<td>482</td>
</tr>
<tr>
<td>Azzura Azzaro</td>
<td>482</td>
</tr>
<tr>
<td>B-2BF</td>
<td>342</td>
</tr>
<tr>
<td>Bamboou</td>
<td>405</td>
</tr>
<tr>
<td>Banacox</td>
<td>484</td>
</tr>
<tr>
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<td>312</td>
</tr>
<tr>
<td>Barbie's</td>
<td>312</td>
</tr>
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<td>484</td>
</tr>
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<td>523</td>
</tr>
<tr>
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<td>513</td>
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<td>513</td>
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<td>Benetton</td>
<td>353</td>
</tr>
<tr>
<td>Bengals</td>
<td>516</td>
</tr>
<tr>
<td>Beyti</td>
<td>543</td>
</tr>
<tr>
<td>Beyti Kebab</td>
<td>543</td>
</tr>
<tr>
<td>Biocountry</td>
<td>419</td>
</tr>
<tr>
<td>Black Label</td>
<td>503</td>
</tr>
<tr>
<td>Black Labour</td>
<td>504</td>
</tr>
<tr>
<td>Blind</td>
<td>366</td>
</tr>
<tr>
<td>Blind Skateboards</td>
<td>366</td>
</tr>
<tr>
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<td>277</td>
</tr>
<tr>
<td>Boca Juniors</td>
<td>277</td>
</tr>
<tr>
<td>Bonna</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Canapés</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Cremosa</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Diet</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Extra</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Light</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Mix</td>
<td>308</td>
</tr>
<tr>
<td>Bonna Plus</td>
<td>308</td>
</tr>
<tr>
<td>Bonnacozina Massas</td>
<td></td>
</tr>
<tr>
<td>Frescas</td>
<td>308</td>
</tr>
<tr>
<td>Boquita</td>
<td>277</td>
</tr>
<tr>
<td>Boss</td>
<td>287</td>
</tr>
<tr>
<td>Boss Lights</td>
<td>484</td>
</tr>
<tr>
<td>Bourse Des Vols</td>
<td>408</td>
</tr>
<tr>
<td>Bourse Des Voyages</td>
<td>408</td>
</tr>
<tr>
<td>Bozo</td>
<td>479</td>
</tr>
<tr>
<td>Brasschaat Zingt</td>
<td>302</td>
</tr>
<tr>
<td>Braun</td>
<td>482</td>
</tr>
<tr>
<td>Bristol</td>
<td>478</td>
</tr>
<tr>
<td>Britol</td>
<td>478</td>
</tr>
<tr>
<td>Brooks Brooks Spray</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>311</td>
</tr>
</tbody>
</table>
BROWN......................... 482
BSCH INFOCASH........... 355
BSS ......................... 293
BSS PLUS .................. 292
BUD ......................... 385
BUD LIGHT ................. 385
BUDĚJOVICKÝ BUDVAR,
 NÁRODNÍ PODNIK ........ 385
BUDVAR ..................... 385
BUDWEIS .................... 385
BUDWEISER ................. 385
BUDWEISER BUDBRAÚ .... 385
BUDWEISER BUDVAR ....... 385
BUDWEISER BUDVAR,
 ENTREPRISE NATIONALE .. 385
BUDWEISER BUDVAR,
 NATIONAL CORPORATION.. 385
BUDWEISER KING
 OF BEERS ................. 385
BURBERRY .................. 345
BURBERRY CHECK ......... 470
C ......................... 421
C COBESI .................. 307
C. CHAMPION .............. 421
CAFÉ FRANZ KAFKA
 CAFÈ .......................... 365
CAFÉ MILENA CENTRUM
 FRANZE KAFKY PRAHA 365
CAFÉ VOGUE ............... 440
CANALETA 90 .............. 361
CANON ...................... 296
CAREFREE .................. 444
CARERE ........................ 444
CARLING BLACK LABEL .... 505
CARTIER .................... 472
CASA BLANCA .............. 565
CAT HEAD .................. 338
ÇBS SATEN ................ 535
CELEBRA ................... 455
CELERA ..................... 455
CELINE ...................... 345
CENTRUM FRANZE KAFKY
 PRAHA ...................... 365
CHAMPION .................. 421
CHAMPION U.S.A .......... 421
CHANEL ..................... 344
CHEVROLET ................. 273
CHEVROLET CROSS ......... 516
CHICKEN GRILL ............ 321
CHICKEN McGRILL ......... 321
CHIHSIN ................... 527
CHINA WHITE ............... 554
CHINAWHITE ............... 554
CIEN ........................ 399
CIMPOR ..................... 499
CJ CAVALLI JEANS ......... 517
CLASSIC .................... 347, 396
CLIPPER ................... 281
CLIQUOT ................... 317
COBASI .................... 307
COCO ....................... 345
COLA ENERGY ................ 334
COLOMBIAN ................ 363
colombiancoffeeshop.co..... 362
colombiancoffeeshop.com... 362
colombiancoffeeshop.info.. 362
colombiancoffeeshop.org.... 362
colombiancoffeeshop.ws..... 362
colombiancoffeewholesale.com........ 363
COLUMBIA .................. 429
COMPACT OFFICE .......... 400
CONVATEC .................. 376
CRAZY BULL ............... 417
DAN ....................... 294
DAN BEST ................... 415
DANAO .................... 415
DANKEN .................... 415
DANONE .................... 415
DANSK TELE & DATA
 KOMMUNIKATION .......... 370
DANTYR .................... 415
DANY ........................ 415
DANZA ARMONIZADORA ... 276
DELVAUX ................... 363
DEROXAT ................... 406
DISEÑO DE TRAJE DE
 GALA ........................ 374
DOCKERS .................... 495
DOKTOR .................... 377
DR. ORAL .................... 458
DUPONT ..................... 394
EAT OUT GUIDE .......... 503
EATING OUT ............... 503
<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LONGCHAMP</td>
<td>547</td>
</tr>
<tr>
<td>LOUIS VUITTON</td>
<td>344</td>
</tr>
<tr>
<td>LUMINA</td>
<td>289</td>
</tr>
<tr>
<td>LUMINOS</td>
<td>289</td>
</tr>
<tr>
<td>LV</td>
<td>345, 408</td>
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<tr>
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<td>541</td>
</tr>
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<td>519</td>
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<td>396</td>
</tr>
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<td>375</td>
</tr>
<tr>
<td>MAISON UNGAVA</td>
<td>312</td>
</tr>
<tr>
<td>MARBOLO</td>
<td>344</td>
</tr>
<tr>
<td>MARCH OF DIMES</td>
<td>315</td>
</tr>
<tr>
<td>MARLBORO</td>
<td>548</td>
</tr>
<tr>
<td>MASA ACHER</td>
<td>466</td>
</tr>
<tr>
<td>MASA OLAMI</td>
<td>465</td>
</tr>
<tr>
<td>MATISSET</td>
<td>394</td>
</tr>
<tr>
<td>MAX</td>
<td>448</td>
</tr>
<tr>
<td>MAX FILTER</td>
<td>447</td>
</tr>
<tr>
<td>MC CRUISE – KREUZFAHRTEN ZU</td>
<td></td>
</tr>
<tr>
<td>SCHOTTENPREISEN</td>
<td>292</td>
</tr>
<tr>
<td>MCDONALD’S</td>
<td>292</td>
</tr>
<tr>
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<td>520</td>
</tr>
<tr>
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<td>290</td>
</tr>
<tr>
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<td>290</td>
</tr>
<tr>
<td>MEINE HEIMAT</td>
<td>293</td>
</tr>
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<td>METOZOC</td>
<td>400</td>
</tr>
<tr>
<td>MICKEY MOUSE</td>
<td>428</td>
</tr>
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<td>MICROBALLS</td>
<td>514</td>
</tr>
<tr>
<td>MICROPOR</td>
<td>514</td>
</tr>
<tr>
<td>MIE HAI LING</td>
<td>342</td>
</tr>
<tr>
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<td>528</td>
</tr>
<tr>
<td>MILKA</td>
<td>403</td>
</tr>
<tr>
<td>MILKA COUTURE</td>
<td>403</td>
</tr>
<tr>
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<td>536</td>
</tr>
<tr>
<td>milka.fr</td>
<td>403</td>
</tr>
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<td>536</td>
</tr>
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<td>MINIMAX</td>
<td>301</td>
</tr>
<tr>
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<td>345</td>
</tr>
<tr>
<td>MONOGRAM CANVAS</td>
<td>468</td>
</tr>
<tr>
<td>MONT BLANC</td>
<td>486</td>
</tr>
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<td>MONT BLANC PLATINIUM</td>
<td>402</td>
</tr>
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<td>471</td>
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<td>NAUTICA</td>
<td>351</td>
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<tr>
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<td>439</td>
</tr>
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<td>439</td>
</tr>
<tr>
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<td>399</td>
</tr>
<tr>
<td>NIKE</td>
<td>510</td>
</tr>
<tr>
<td>NIVEA</td>
<td>294</td>
</tr>
<tr>
<td>NOIR INTENSE</td>
<td>418</td>
</tr>
<tr>
<td>NOLO</td>
<td>457</td>
</tr>
<tr>
<td>NOT SO FAST</td>
<td>433</td>
</tr>
<tr>
<td>NOVAPARK</td>
<td>290</td>
</tr>
<tr>
<td>NUIT INTENSE</td>
<td>417</td>
</tr>
<tr>
<td>O2</td>
<td>561</td>
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<tr>
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</tr>
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</tr>
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<td>429</td>
</tr>
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<td>429</td>
</tr>
<tr>
<td>OLYMPIQUE</td>
<td>404</td>
</tr>
<tr>
<td>OLYMPRIX</td>
<td>404</td>
</tr>
<tr>
<td>OMELESEC</td>
<td>496</td>
</tr>
<tr>
<td>OMEZOLAN</td>
<td>497</td>
</tr>
<tr>
<td>ONTARIO MARCH OF DIMES</td>
<td>315</td>
</tr>
<tr>
<td>OÔ FAMILIENKARTE</td>
<td>286</td>
</tr>
<tr>
<td>ORAL-B</td>
<td>458</td>
</tr>
<tr>
<td>ORANGE</td>
<td>421</td>
</tr>
<tr>
<td>OREGON</td>
<td>371</td>
</tr>
<tr>
<td>oregon.dk</td>
<td>371</td>
</tr>
<tr>
<td>OSLO</td>
<td>368</td>
</tr>
<tr>
<td>OVERTURE</td>
<td>408</td>
</tr>
<tr>
<td>PADDocks</td>
<td>496</td>
</tr>
<tr>
<td>PALMERS</td>
<td>336</td>
</tr>
<tr>
<td>PANGBORN</td>
<td>474</td>
</tr>
<tr>
<td>PANTENE</td>
<td>344</td>
</tr>
<tr>
<td>PARASON FLEXOR</td>
<td>389</td>
</tr>
<tr>
<td>PARLIAMENT</td>
<td>550</td>
</tr>
<tr>
<td>PARTY PIANOS</td>
<td>305</td>
</tr>
<tr>
<td>PEGARAPID</td>
<td>376</td>
</tr>
<tr>
<td>PEKING JEEP</td>
<td>347</td>
</tr>
<tr>
<td>PENTATHLON</td>
<td>558</td>
</tr>
<tr>
<td>PEN-TATHLON</td>
<td>558</td>
</tr>
<tr>
<td>PÉROLA</td>
<td>502</td>
</tr>
<tr>
<td>PHILLIPS</td>
<td>364</td>
</tr>
<tr>
<td>phone4u.co.uk</td>
<td>559</td>
</tr>
<tr>
<td>phones4u.co.uk</td>
<td>559</td>
</tr>
<tr>
<td>PHYTO BLANC</td>
<td>437</td>
</tr>
<tr>
<td>PHYTOWHITE</td>
<td>437</td>
</tr>
<tr>
<td>PIERRE CARDIN</td>
<td>345</td>
</tr>
<tr>
<td>PINK PANTHER</td>
<td>317</td>
</tr>
<tr>
<td>PIU BONNA</td>
<td>308</td>
</tr>
</tbody>
</table>
PLATINIUM ......................................401
PLUS ...........................................413
PODIATRIST ..................................315
POLO ...........................................457
POLO – THE MINT WITH THE HOLE ...............457
PORSCHE-SHIELD .........................410
POWER BALL ENERGY
    DRINK ......................................545
POWER INSIDE ................................526
PRADA ..........................................344
PRAKTIKER ....................................383
PREMIERE .....................................398
PRENS ..........................................545
PRINCE .........................................546
PRITOR .........................................483
QUAVERS .....................................477
QUIKSILVER ..................................562
QUILMES .......................................278
RAFT ...........................................349
RALLY MASTER ................................273
RALLYS .........................................273
RAPIDCHIP ....................................515
RAPIVIR ........................................428
REACTIVE .......................................483
REBROFF .......................................481
RED BULL .......................................417
RED DOUBLE HAPPINESS .....................347
REDSKINS .....................................418
REJOICE ........................................344
RENAISSANCE ..................................485
rennesimmo.com ................................410
RENOVA .........................................502
REVISTA LIVROS .........................500
REXONA .........................................565
REXONA IONIC ..................................564
RICHARD T. ADLEM
    FUNERAL DIRECTOR .................557
ROCCO CAVALLI .........................517
ROLEX ..........................................442
ROLLS ROYCE ..................................364
ROLL-STAR .....................................405
ROLSTER ........................................404
ROO 7795 REDSKINS ISSUED
    BY AUTHORITY OF
    REDSKINS BASIC UNITED
    GARMENT REGISTERED
    5909 TRADE MARK .....................418
ROOT ..............................................508
ROOTS ............................................509
ROOTSPORT ....................................509
ROOX .............................................442
ROTOBLAST ....................................474
RUSSKIY STANDART
    PLATINIUM ................................506
    S.W.I.F.T ....................................462
    SABON SHEL PAAM ......................467
    SALOMON ....................................353
    SALVADOR DALI .........................300
    SARAY .........................................546
    SARAY MÝLKÝNS .........................536
    SARAY PRENS ................................546
    SARAY PRENSES ............................546
    SARAY SARAY PRENS .....................546
    SATEN .........................................535
    SELOCOMP ZOC ............................400
    SENA ..........................................310
    SENSOR ........................................389
    serfaus.at .....................................299
    SEVEN STARS ................................527
    SHAPES ........................................295
    SIFCO .........................................476
    SILKIS .........................................517
    SINPOR ........................................499
    SIPQRS ........................................517
    SKYFON .........................................286
    SKYPHONE .....................................286
    SMART RESIDENCE .......................501
    SNAXS .........................................376
    SO LONG .......................................432
    SO YOU .........................................433
    SOFLORAN ....................................427
    SOPHIVIR ....................................428
    SPAM ..........................................555
    SPAMBUSTER ....................................556
    SPECIALIST .....................................412
    SPI ..............................................455
    SPR EUROCARD .............................414
    SPRING .........................................367
    SPY ..............................................455
    ST. ZENO ........................................293
    STOLICHNAYA ...............................466
    STOLICHNAYA VODKA ....................365
    STOLNAYA .......................................466
    STOLOVAYA .....................................466
    STORM .........................................435
<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>STORMTECH</td>
<td>435</td>
</tr>
<tr>
<td>STUSSY</td>
<td>306</td>
</tr>
<tr>
<td>SUN</td>
<td>336</td>
</tr>
<tr>
<td>SUN RUGBY</td>
<td>336</td>
</tr>
<tr>
<td>SUPREMAS</td>
<td>337</td>
</tr>
<tr>
<td>SUPREMO</td>
<td>337</td>
</tr>
<tr>
<td>SUZANNE'S</td>
<td>327</td>
</tr>
<tr>
<td>SWIFT</td>
<td>367, 460</td>
</tr>
<tr>
<td>SWIFTCALL</td>
<td>460</td>
</tr>
<tr>
<td>TAFT</td>
<td>349</td>
</tr>
<tr>
<td>TAN FAMILY DISHES</td>
<td>341</td>
</tr>
<tr>
<td>TAPA ROJA</td>
<td>360</td>
</tr>
<tr>
<td>TARGA</td>
<td>301</td>
</tr>
<tr>
<td>TATRA</td>
<td>481</td>
</tr>
<tr>
<td>TEFLON</td>
<td>457</td>
</tr>
<tr>
<td>TEFOR</td>
<td>457</td>
</tr>
<tr>
<td>TELE &amp; DATA</td>
<td>370</td>
</tr>
<tr>
<td>TELEFONKATALOGEN</td>
<td>491</td>
</tr>
<tr>
<td>TELEWEB</td>
<td>515</td>
</tr>
<tr>
<td>TELLO KRAFT / FREI VON TIERISCHEN FETTEN</td>
<td>518</td>
</tr>
<tr>
<td>TENTACIÓN</td>
<td>336</td>
</tr>
<tr>
<td>TETRA</td>
<td>481</td>
</tr>
<tr>
<td>THE GAME DESIGNERS STUDIO, INC.</td>
<td>431</td>
</tr>
<tr>
<td>THE MARCH OF DIMES</td>
<td>315</td>
</tr>
<tr>
<td>THE MARKETING GROUP</td>
<td>426</td>
</tr>
<tr>
<td>THOMSON LIFE</td>
<td>387</td>
</tr>
<tr>
<td>THROMBATE III</td>
<td>376</td>
</tr>
<tr>
<td>TIDE</td>
<td>566</td>
</tr>
<tr>
<td>tide.com.vn</td>
<td>566</td>
</tr>
<tr>
<td>TIO BILL</td>
<td>309</td>
</tr>
<tr>
<td>TIVOLI</td>
<td>369</td>
</tr>
<tr>
<td>T-MOBILE</td>
<td>300</td>
</tr>
<tr>
<td>TOBLERONE</td>
<td>424</td>
</tr>
<tr>
<td>TOFU ICE</td>
<td>397</td>
</tr>
<tr>
<td>TOMMY HILFIGER</td>
<td>320</td>
</tr>
<tr>
<td>TORRES</td>
<td>491</td>
</tr>
<tr>
<td>TRADECOM</td>
<td>497</td>
</tr>
<tr>
<td>TRADITION</td>
<td>324</td>
</tr>
<tr>
<td>TRADITION MARKET</td>
<td>324</td>
</tr>
<tr>
<td>FRESH FOODS</td>
<td>324</td>
</tr>
<tr>
<td>ТРЕЛОС ТАЮРОС FULL ENERGY DRINK</td>
<td>417</td>
</tr>
<tr>
<td>TRICOR</td>
<td>483</td>
</tr>
<tr>
<td>TRUE WU LIANG</td>
<td>346</td>
</tr>
<tr>
<td>TUTTI NUOVA QUALIDADE</td>
<td>308</td>
</tr>
<tr>
<td>CONTRIJU</td>
<td>308</td>
</tr>
<tr>
<td>TWIST</td>
<td>335</td>
</tr>
<tr>
<td>TWIX</td>
<td>335</td>
</tr>
<tr>
<td>TWO GIRLS</td>
<td>333</td>
</tr>
<tr>
<td>UNCLE BEN'S</td>
<td>309</td>
</tr>
<tr>
<td>UNGAVA</td>
<td>312</td>
</tr>
<tr>
<td>UNIVERSAL</td>
<td>350</td>
</tr>
<tr>
<td>VAGRAN</td>
<td>272</td>
</tr>
<tr>
<td>VAGRA-N</td>
<td>272</td>
</tr>
<tr>
<td>VALLEYGIRL</td>
<td>487</td>
</tr>
<tr>
<td>VENTURE</td>
<td>395</td>
</tr>
<tr>
<td>VETO G &amp; T</td>
<td>544</td>
</tr>
<tr>
<td>VEUV E CLICQUOT</td>
<td>317</td>
</tr>
<tr>
<td>VIAGRA</td>
<td>272</td>
</tr>
<tr>
<td>VIAGRAN</td>
<td>272</td>
</tr>
<tr>
<td>VILKINS</td>
<td>536</td>
</tr>
<tr>
<td>VISA LIETUVA</td>
<td>484</td>
</tr>
<tr>
<td>VISA STATYBA</td>
<td>484</td>
</tr>
<tr>
<td>VITAL CONCEPT</td>
<td>518</td>
</tr>
<tr>
<td>VOGUE</td>
<td>440</td>
</tr>
<tr>
<td>VUITTON</td>
<td>408</td>
</tr>
<tr>
<td>WEST</td>
<td>388</td>
</tr>
<tr>
<td>WEST LIFE</td>
<td>388</td>
</tr>
<tr>
<td>WET</td>
<td>398</td>
</tr>
<tr>
<td>WHITE CAT</td>
<td>347</td>
</tr>
<tr>
<td>WINFAST</td>
<td>534</td>
</tr>
<tr>
<td>WITH</td>
<td>490</td>
</tr>
<tr>
<td>Wo Jiu Xi Huan</td>
<td>346</td>
</tr>
<tr>
<td>WOOLWORTH</td>
<td>316</td>
</tr>
<tr>
<td>WRANGLER</td>
<td>479</td>
</tr>
<tr>
<td>Wrigley's X.cite</td>
<td>422</td>
</tr>
<tr>
<td>WU LIANG YE</td>
<td>346</td>
</tr>
<tr>
<td>XBOX</td>
<td>407</td>
</tr>
<tr>
<td>X-CITE</td>
<td>422</td>
</tr>
<tr>
<td>YA PAI</td>
<td>339</td>
</tr>
<tr>
<td>YARDEN</td>
<td>467</td>
</tr>
<tr>
<td>YENI EFE</td>
<td>540</td>
</tr>
<tr>
<td>YOUR WORLD IS OUR WORLD</td>
<td>449</td>
</tr>
<tr>
<td>ZARA</td>
<td>482</td>
</tr>
<tr>
<td>ZIPZOC</td>
<td>401</td>
</tr>
<tr>
<td>ZOC</td>
<td>400</td>
</tr>
</tbody>
</table>
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