

Introduction

Trademark law in 2010–2011

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In partnership with INTA



If 2010 was any indication of what lies ahead, brand owners can bet on a future full of momentous trademark issues. The recovering global economy and ever-increasing levels of international trade have driven the need for stronger brand protection around the world. As a result, governments and industry organisations increased their efforts to protect businesses and worked to implement and improve systems for protecting intellectual property.

This chapter highlights some of the past year's developments in trademark policy around the world. Two important issues that go beyond geographical borders but could potentially have a tremendous impact on rights holders – the Anti-counterfeiting Trade Agreement (ACTA) and the Internet Corporation for Assigned Names and Numbers' (ICANN) plan to expand the internet space through the introduction of an unlimited number of new generic top-level domains (gTLDs) – are also summarised in this chapter.

In each section, readers will also learn how the International Trademark Association (INTA) has worked with governments and other IP organisations to help shape public policy and to educate the public on trademark law and practice.

North America

The creation of the Intellectual Property Enforcement Coordinator Office (IPEC) was a welcome development in IP protection in the United States. The office provides a valuable opportunity for increased coordination among the various IP enforcement initiatives undertaken by relevant government agencies. It is also a demonstration of the US government's ongoing commitment to protect trademarks and other forms of intellectual property. In early 2010 IPEC requested comments on the Joint Strategic Plan on Intellectual Property Enforcement. INTA submitted a full set of comments and IPEC issued its Strategic Plan in June 2010.

States are also passing stronger trademark laws to harmonise state protection with federal protection. In May 2010 Alabama enacted a new trademark statute that reflects the principles contained in the Model State

Trademark Bill developed by INTA. The model bill provides a cause of action for trademark dilution for marks that are famous within the state and sets forth definitions and standards consistent with the Trademark Dilution Revision Act 2006. Forty-six states have adopted some form of the model state trademark law, but Alabama became the fourth state, after California, Mississippi and Oregon, to adopt the updated version.

In October 2010 Pennsylvania enacted a new trademark anti-counterfeiting law intended to reverse the effect of the ruling by the state's Supreme Court in the consolidated cases of *Commonwealth v Omar* and *Commonwealth v O'Connor*, which struck down the previous statute as unconstitutionally vague and overbroad. The law helps authorities by redefining what constitutes trademark counterfeiting and allows the state government to destroy seized fake goods with the cost of destruction borne by the counterfeiter. Pennsylvania legislators used INTA's Model Anti-counterfeiting Bill as a guide during development of the law. INTA created the Model Anti-counterfeiting Bill in partnership with the International Anti-counterfeiting Coalition to help protect consumers and legitimate businesses from the threat of counterfeit goods.

In Canada, the Supreme Court heard oral arguments in *Masterpiece Inc v Alavida Lifestyles Inc*. Masterpiece sued Alavida Lifestyles after the latter filed a trademark application for MASTERPIECE LIVING. Masterpiece argued that it had used its trade name Masterpiece before Alavida Lifestyle filed its application. However, the Federal Court of Appeal ruled that the two trademarks were not confusingly similar after it took into account the geographical separation between the prior user and the applicant. It is INTA's position that the ruling contradicted the Trademarks Act, which requires that the owner of a trademark registration must be the first to have applied to register or used the mark before anyone else uses a similar mark or name anywhere in Canada.

The ruling on this case is important to Canadian rights holders because it threatens to complicate the obtaining of valid trademark registrations in the country. After filing an

amicus brief in October 2010, INTA appeared as an intervener at the Supreme Court's hearings in December. The court is expected to rule in the spring 2011.

Europe

The European Commission's review of the EU trademark system received tremendous attention in 2010. Awaited for years, the review kicked into high gear in late 2009 when the Max Planck Institute in Germany was selected to carry out a study on the current legal environment and interrelationships between the Community trademark (CTM) and national trademark systems.

In June 2010 INTA, along with AIM (the European Brands Association), BusinessEurope, the European Communities Trademark Association and MARQUES (the European Association of Trademark Owners), met with the Max Planck Institute to share views on key issues raised in the study. In November 2010 INTA submitted its own comprehensive report to the European Commission.

The outcome of the Max Planck Institute's study and other consultations will factor heavily in the commission's legislative proposals, expected in October 2011. (The results of the study were not public at the time of writing.)

One controversial issue under discussion is territorial requirements for genuine use of a CTM. The issue hinges on whether use of a CTM in any part of the European Union or even in a single member state meets the requirements of the Community Trademark Regulation (40/94), and, if so, whether this is still appropriate in a union that now consists of 27 member states. The issue attained an even higher profile because of an early 2010 decision of the Benelux Office for Intellectual Property in *Hagelkruis Beheer BV v Leno Merken BV*. The office held that use of a CTM in a single member state of the European Union is not sufficient to constitute genuine use in the European Union. Other national offices, including the Hungarian Intellectual Property Office, are understood to have supported the decision of the Benelux office, while the decision has been widely criticised elsewhere.

Another important case for rights holders is *Nokia Corporation v Her Majesty's*

Commissioners of Revenue and Customs, which deals with the question of whether the Customs Regulation (1383/2003) permits local customs authorities to seize counterfeit goods that are in transit but not intended for sale in an EU member state. INTA submitted an *amicus* brief to the UK Court of Appeal in November 2009, encouraging the court to refer the question to the European Court of Justice (ECJ), which it did. INTA was granted formal leave to intervene in the ECJ hearing, which took place on November 18 2010. On February 3 2011 the advocate general's opinion was issued and INTA is now awaiting the ECJ's final judgment.

Asia-Pacific

The international community has worked closely with the People's Republic of China to enforce stronger IP laws. The country has worked diligently to reform its IP laws in an effort to harmonise its system with many of the other leading industrialised nations and to improve its enforcement mechanisms.

In the spring 2010 INTA commented on the latest draft revision of the Chinese Trademark Law. The invitation for comments came from the Chinese Legislative State Council, which is normally the final step before the full government legislature votes on legal reform.

The proposed trademark law seeks to increase protection of well-known marks, protects against bad-faith registrations, adds new types of non-traditional trademark such as sound and three-dimensional marks, and establishes stronger enforcement measures against counterfeiters. This, among other initiatives, is an essential step toward ensuring protection of trademarks and other forms of intellectual property in the country.

In Australia, the national IP office, IP Australia, sought to make significant changes to its procedures for oppositions, mainly in an effort to streamline its operations and improve its efficiencies. INTA submitted comments during several stages of this reform process and continues to offer input to IP Australia based on members' concerns.

One of the more controversial topics in Australia has been the desire of the government to curb smoking. In 2010 the Australian Senate proposed a drastic change

to the nation's laws on tobacco product packaging. The proposed changes would mandate that all branding and trademarks be removed from the packaging and replaced by a small font stating the brand of tobacco. INTA has expressed its concerns over this proposal as it believes that – notwithstanding the legitimate health concerns motivating the measures – these types of restriction may mislead consumers and could lead to a large increase in counterfeit tobacco sales and the illicit tobacco trade.

Latin America

Latin America's growing role in the global market makes it even more important for countries in the region to adopt the Madrid System. Rights holders in the region will be able to use this international registration system to protect their trademarks in other countries that have joined the Madrid Protocol; rights holders from those other countries will benefit by requesting protection for their trademarks in signatory countries in Latin America.

Since 2006 INTA, the US Patent and Trademark Office, the World Intellectual Property Organisation and other IP associations have worked with Latin American governments including Argentina, Brazil, Colombia, Nicaragua and Peru on the inclusion of the Madrid System in their current IP protection systems. The goal has been to ensure that all interested parties understand the benefits of Madrid, which include providing a simple, fast and cost-effective registration system that permits a trademark application in multiple jurisdictions via a single document, the streamlining of national trademark office procedures, and an alternative route for registering marks that coexists with national and regional trademark systems.

While joining the Madrid System has been debated among many Latin American countries, Colombia showed the most progress in 2010. During Colombia's 2009-2010 legislative session, INTA and its members expressed strong support for Bill 277/09, which called for Colombia's accession to the Madrid Protocol. Although it passed in the House of Representatives, the bill failed to be considered

in the Senate's plenary sessions in June 2010 before the elections.

Later in 2010 Colombia's new Congress introduced the legislation under Bill 061/2010, which was approved in December by the Senate in Plenary Session. INTA will continue to show strong support as legislation moves for consideration in the House of Representatives.

In Mexico, initiatives to create a customs recordation system were discussed. The system will strengthen the ability of enforcement authorities to stop counterfeited products and will increase the goodwill and cooperation between authorities and rights holders. While there is opposition from those who see this initiative as a barrier to trade, similar systems have been implemented and seem to work efficiently in Argentina, Chile, Panama, Paraguay and Peru.

Venezuela's new rules and regulations, set in place following its withdrawal from the Andean Community, continue to result in serious concerns and implications for rights holders. Frustration over the lack of public consultations and open dialogue with IP stakeholders continues. INTA and the trademark community expressed concerns over the Industrial Property Office's (known as SAPI) new searching requirements to initiate the registration of a trademark and with regard to the reversion to the 1955 Industrial Property Law trademark classification system.

ACTA

Negotiations of the ACTA text were concluded after two years of discussions. The trade agreement, which enhances international cooperation and contains stronger standards for enforcing IP rights, would be one of the first international agreements designed specifically to combat counterfeiting and piracy in a harmonised and coordinated way.

INTA has supported the ACTA initiative from the outset. In coordination with the International Chamber of Commerce's Business Action to Stop Counterfeiting, INTA led a group of industry associations from around the world – the Business Response Group – which submitted recommendations and comments to the signatories on provisions for ACTA.

ACTA's draft text was released on April 21

2010. While the majority of the text was still in bracket form, rights holders expressed some concerns with the draft. A major issue was that the scope of intellectual property to which ACTA's provisions would be applied could go beyond trademark counterfeiting and copyright piracy to include, for example, patents and geographical indications. Rights holders were concerned that broadening the scope of ACTA would dilute its strength and risk its effective implementation. For this reason, INTA and its partners encouraged ACTA negotiators to keep the scope of the agreement to trademarks and copyrights.

When the text was released in November 2010 for legal review, INTA, in conjunction with the Business Response Group, submitted additional recommendations for strengthening language in several provisions. These include:

- incorporating trademark counterfeiting into Enforcement in the Digital Environment, so that ACTA parties can apply enforcement procedures to trademark counterfeiting on the Internet;
- reiterating the need for stronger language on goods in transit; and
- encouraging the establishment of mechanisms to build capacity and enforcement expertise.

In December 2010 the final text of ACTA was released. At the time of writing each negotiating party was undergoing processes within their respective countries to determine whether they would sign the agreement. INTA has strongly encouraged all the negotiating parties to do what they can to see that the agreement is signed and implemented as soon as possible. INTA applauded provisions in the final text of ACTA that take a step above current international rules such as the World Trade Organisation's Agreement on Trade-Related Aspects of Intellectual Property Rights, including providing for competent authorities to initiate *ex officio* investigations or legal actions for criminal enforcement. INTA also strongly supported the provision that applies border measures to goods of a commercial nature sent in small consignments and is pleased to see trademark counterfeiting included in some provisions in the section on

Enforcement in the Digital Environment. INTA continues to encourage the implementation of strict measures to seize counterfeit goods in transit through a country, one of the issues that is not strongly reflected in ACTA. In situations where there is suspicion that counterfeit products are passing through a country, customs authorities must stop those goods before they are sold to unsuspecting consumers – even if the consumers are located in another country.

ICANN's proposed new gTLDs

The public policy issue that drew attention and great concern from many brand owners in 2010 was the proposed unlimited expansion of new gTLDs by ICANN. While INTA has previously recognised that the introduction of new gTLDs carries some potential societal benefit, it has been highly and directly critical of ICANN's proposal, including the scope and pace of its expansion plan, and the related timing and process of decision-making. New gTLDs may lead to increased consumer confusion and trademark abuse, and INTA has been working with ICANN in an effort to address these concerns.

Rights holders believe that it is important that ICANN applies appropriate measures to ensure that there is adequate trademark and consumer protection in the domain name space, and that the organisation commission studies to assess the economic impact of new gTLDs.

In March 2010 the ICANN Board discontinued a controversial initiative calling for expressions of interest related to its proposal for new gTLDs that INTA and many others found particularly troubling. In July 2010 INTA, in its recommendations to ICANN, advocated:

- the design and implementation of new workable and scalable safeguards to protect trademarks and prevent the theft of intellectual property;
- the development of mechanisms to address the escalating level of malicious criminal activity targeting consumers on the Internet; and
- the need for ICANN to commission an empirical fact-based study of the domain name marketplace to ensure that any

introduction of new gTLDs will create net social benefits and serve the public's interest.

ICANN's Governmental Advisory Committee voiced concern over the organisation's approach to introducing new gTLDs. Late in 2010 the committee submitted comments consistent with INTA's position and recommended that ICANN consider introducing new gTLDs in limited, discrete rounds to address the concerns and issues raised by the public.

The next few months will bring significant developments for rights holders and ICANN with respect to new gTLDs. By the time this article is published, the ICANN Board will have met with the Governmental Advisory Committee in Brussels to discuss their concerns, and rights holders will have observed and reacted to any developments from the ICANN's Board of Directors meeting in March 2011.