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It's definite: the United States will begin accepting Madrid Protocol Trademark applications on November 2, 2003. This final step in the long path to U.S. accession to the Protocol was made a reality when the Department of State deposited the treaty instruments of accession with the World Intellectual Property Organization (WIPO) on August 2, 2003.

The Trademark Trial and Appeal Board has upheld an opposition brought by Veuve Clicquot Ponsardin in which it claimed that VEUVE ROYALE is confusingly similar to VEUVE CLICQUOT. It also held that VEUVE CLICQUOT is a famous mark. The Opposer was represented by Marie Driscoll and John Margiotta. Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Palm Bay Imports, Opp. No. 115,438 (T.T.A.B. August 4, 2003).

Ronald Lehrman was again named one of The Best of the Best. Euromoney Legal Media Group has published its Best of the Best 2003 Expert Guide, which seeks to identify leading lawyers in eleven areas of law, including trademarks, by means of a 60-country survey and interviews of leading private practitioners and clients knowledgeable in each field. Ron was one of only five U.S. trademark lawyers listed in the current Guide. He was previously included in the 2001 Guide.

Allison Strickland will be speaking on the topic of U.S. implementation of the Madrid Protocol at a program sponsored by AIPPI (Association Internationale pour la Protection de la Propriété Intellectuelle) on September 12, 2003 in Washington, D.C.; at the annual meeting of the Intellectual Property Institute of Canada (IPIC) on September 18, 2003 in Halifax, Nova Scotia; and at the fall

meeting of the Intellectual Property Law Section of the New York State Bar Association on October 10, 2003 at Lake George, New York.

David Ehrlich and Jason Vogel will be speaking on the Madrid Protocol at a Thomson & Thomson educational forum on September 23, 2003 in New York.

Richard Lehv spoke on "Summary Judgment in Copyright Cases" before the Copyright Society of the USA on May 22, 2003 in New York.

Allison Strickland has been appointed Vice-Chair of the Trademark Law Committee of the American Intellectual Property Law Association ("AIPPLA") for the 2003-04 term commencing in October 2003. She recently completed a two-year term as the Association's Chair of the Trademark Treaties and International Law Committee. In July, Allison traveled to the offices of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland and the Office for Harmonization in the Internal Market (OHIM) in Alicante, Spain as part of an official AIPPLA delegation.

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Information Letter

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UNITED STATES

DECISIONS:

- Fair Use (6th Cir.) (Tiger Woods Case)
- Likelihood of Confusion (2nd Cir.)
- Secondary Meaning (9th Cir.)
- Strict Liability for Fraud (TTAB)
- Use in Commerce (4th Cir.)

Decision: FAIR USE

ETW Corporation v. Jireh Publishing, Inc.,
No. 00-3584 (6th Cir. June 20, 2003)

In the latest in a spate of recent appellate court decisions addressing the scope of fair use and First Amendment-based defenses to trademark infringement and related intellectual property claims (*see, e.g., Parks v. LaFace Records*, 329 F.3d 437 (6th Cir. 2003); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002)), the Sixth Circuit rejected a claim that the publication of art prints depicting the golfer Tiger Woods violated the trademark and publicity rights of Woods' exclusive licensing agent.

The defendant published prints of a painting entitled *The Masters of Augusta*, which features a triple portrait of Woods, the winner of the 1997 Masters Tournament held in Augusta, Georgia. The prints were sold in envelopes on which "Tiger Woods" appeared in small letters under the

painting's title, and Woods' name appeared twice in a description of the painting included with each print. The plaintiff, a corporation to which Woods has assigned the exclusive right to exploit his name, image, likeness and signature and all other publicity rights, sued alleging trademark infringement, unfair competition and false advertising under the Lanham Act and related laws of the State of Ohio, and violation of Woods' right of publicity under Ohio common law. The district court granted summary judgment for the defendants on all of the claims.

Applying the Second Circuit's *Rogers v. Grimaldi* analysis (*see* 875 F.2d 994 (2d Cir. 1989)), the court upheld the district court's finding of non-infringement of the plaintiff's registered word mark TIGER WOODS. Because the name "Tiger Woods" was used descriptively and bore "some artistic relevance" to the content of the print, the defendant was entitled to assert the defense

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of fair use.

With respect to the claims based on defendant's use of the image of Tiger Woods, the court objected to what it characterized as a request that it "in effect ... constitute Woods himself as a walking, talking trademark." Although the court recognized that the image of a famous person may function as a trademark if one particular image is used consistently in the advertising and sale of goods or services, it rejected categorically the plaintiff's claim to possess trademark rights in every photograph and image of Woods. First, as to source confusion, the court held that since "there are undoubtedly thousands of images and likenesses of Woods taken by countless photographers, and drawn, sketched or painted by numerous artists, ... [n]o reasonable person could believe that merely because these photographs or paintings contain Woods' likeness or image, they all originated with Woods." Second, as to plaintiff's false endorsement/false advertising theory, the court – again invoking the *Rogers v. Grimaldi* analysis and the Second Circuit's directive that the Lanham Act must be construed narrowly in cases involving artistic expression – held that because defendant's use of Woods' image was relevant to the artistic content of defendant's prints and was not "explicitly misleading," it did not violate the Lanham Act.

Finally, the court held that a First Amendment-based defense "analogous to ... fair use in copyright law" could be asserted as a defense to a right of publicity claim under Ohio law. Thus, because *The Masters of Augusta* creatively transforms Woods' likeness and is unlikely to affect adversely plaintiff's market for its licensing rights, the court held that the defendant's First Amendment right to use Woods's image trumped the plaintiff's right of publicity claim.

- ZH

Decision: LIKELIHOOD OF CONFUSION (BAD FAITH AND QUALITY OF GOODS FACTORS)

Virgin Enterprises, Ltd. v. Tahir Nawab, et al., No. 02-7491, 335 F.3d 141 (2d Cir. 2003)

Plaintiff Virgin Enterprises, Ltd. ("VEL") uses and owns federal trademark registrations for the mark VIRGIN for, among other things, retail store services in the fields of computers and electronic apparatus. VEL moved for a preliminary injunction against use of the mark and trade name VIRGIN WIRELESS by sellers of wireless telephones and related accessories and services. The United States District Court for the Eastern District of New York denied VEL's motion, holding that its registrations did not extend to defendants' goods and services.

On appeal, the United States Court of Appeals for the Second Circuit reversed. The Second Circuit noted that VEL was expanding into the telecommunications field and that, in any event, a plaintiff need not use its mark on the exact same goods and services as the defendant in order to establish infringement. The test is whether consumers are likely to be confused into believing that defendants' goods and services come from the same source as plaintiff's, or are otherwise connected with plaintiff. Answering this question in the affirmative, the Court of Appeals directed the District Court to enter a preliminary injunction against defendants.

This outcome may not be surprising, given that defendants, through their VIRGIN WIRELESS stores, were selling goods and services that, while not identical, were closely related to the goods and services offered by plaintiff through its VIRGIN retail stores. The Court of Appeals' opinion is noteworthy, however, for its discussion of the *Polaroid* analysis – *i.e.*, the traditional

eight-factor test for likelihood of confusion applied by courts in the Second Circuit. The court indicated that two of the eight *Polaroid* factors – the defendant’s good or bad faith and the quality of the defendant’s goods – are actually of little or no relevance to the likelihood of confusion determination.

With respect to the first of these two factors, the court noted that while “[a] finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions [of likely confusion] are close,” the defendant’s bad faith “does not bear directly on whether consumers are likely to be confused.” In this regard, the court distanced itself from (although it did not expressly overrule) prior decisions holding that the junior user’s bad faith in adopting a mark similar to the senior user’s mark can give rise to a presumption of likelihood of confusion.

The court similarly downplayed the importance of the quality of goods factor in the likelihood of confusion analysis, reasoning that “the quality of the second user’s product goes more to the harm that confusion can cause the plaintiff’s mark than to the likelihood of confusion.” Here, too, the court veered from, without expressly overruling, the line of decisions in the Second Circuit that have held that (1) a similarity between the quality of a junior user’s goods and the senior user’s goods weighs in favor of a finding of likelihood of confusion, and (2) any inferiority in the quality of the junior user’s goods also weighs against the defendant in applying the *Polaroid* factors.

The court also rejected defendants’ argument that preliminary injunctive relief was barred by laches. Defendants pointed out that VEL did not file the motion until sixteen months after learning that defendants filed intent-to-use applications to register the VIRGIN WIRELESS and VIRGIN MOBILE marks, and that during that time defendants had expended

considerable time and money developing their business under the marks. The court held, however, that the filing of an application to register a mark does not start the clock running for such purposes. Because VEL sought injunctive relief just two days after learning of defendants’ *actual use* of the marks, the court held, plaintiff had diligently enforced its rights.

- DD

Decision: SECONDARY MEANING (REVERSAL OF SUMMARY JUDGMENT)

KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 328 F.3d 1061 (9th Cir. 2003):

Plaintiff, a permanent makeup manufacturer that used the term “micro colors” on its products and brochures, was served with a cease and desist letter by defendant, a competitor that owned an incontestable registered design and word mark for the term “micro colors” in white letters within a black rectangular box, with the word “micro” appearing directly above the word “colors,” and the two words separated by a green horizontal bar. Plaintiff brought an action seeking a declaratory judgment that defendant did not have the exclusive right to use the term “micro colors,” and that the term was generic and incapable of trademark protection. Defendant counterclaimed for infringement of its registered mark. Both parties cross-moved for summary judgment. The district court granted plaintiff’s motion, finding that “micro colors” was either generic or descriptive, that plaintiff could continue its use of the term “micro color,” and that defendant could continue to use its trademarked logo. Defendant appealed.

On appeal, the Ninth Circuit held that defendant’s registration protected not only its logo but “the most salient feature of the mark,” the words “micro color.” The court determined that, based on the evidence

produced, “micro color” was not a generic term. Moreover, since defendant’s registration for its logo was incontestable, the court held that plaintiff could not assert that the most salient feature of defendant’s mark, the words “micro color,” was descriptive and lacked secondary meaning. “Rather, the conclusive presumption that the mark has acquired secondary meaning extends to the most salient feature of the mark.” The court also found that, under the “classic fair use” analysis that applies when an alleged infringer uses a disputed mark to describe its own product, genuine issues of material fact precluded summary judgment in plaintiff’s favor. Accordingly, the court reversed the district court’s grant of summary judgment in favor of plaintiff and remanded the case for further proceedings in accordance with its opinion.

- EG

Decision: STRICT LIABILITY FOR FRAUD (OVERBROAD GOODS CLAIMS)

Medinol Ltd. v. Neuro Vasx, Inc., 67 USPQ2d 1205 (TTAB 2003).

The Trademark Trial and Appeal Board (TTAB), the oppositions, cancellations and appeals tribunal within the U.S. Patent and Trademark Office, has stated a strict fraud rule in a recent cancellation decision, *Medinol Ltd. V. Neuro Vasx, Inc.*, Cancellation No. 92040535, decision issued May 13, 2003.

In this decision, the petitioner sought to cancel a U.S. trademark registration for the mark NEUROVASX which covered two different goods, “medical devices, namely, neurological stents and catheters.” The application was initially based on intent-to-use and was published for opposition. After a notice of allowance issued, the applicant secured extensions of the deadline to file a Statement of Use, and finally filed a Statement of Use (Allegation of Use) covering both goods, stents and catheters.

The TTAB held the registration invalid in its entirety, on the ground of fraud, because the registrant never used the mark on one of the goods, the stents. The TTAB specifically rejected the registrant’s claim that mere mistake in including the excess goods (the stents) prevents finding fraud. Accordingly, the TTAB rejected the registrant’s motion to amend its registration to delete the stents and to grant a summary judgment dismissing the cancellation proceeding on the ground of fraud against the other goods, the catheters.

In addition, the TTAB, on its own motion, without any request by the petitioner, decided to grant summary judgment upholding the cancellation action on the grounds of fraud against the entire registration, because there was no factual issue requiring a trial. The TTAB held that the registrant should have read the Statement of Use form language carefully and should have understood what it signed. Because the registrant “knew or should have known at the time it submitted its Statement of Use that the mark was not in use on all of the goods,” the TTAB found the entire registration invalid, on the ground of fraud, as a matter of law. This “reckless disregard for the truth” is all that the TTAB held necessary “to establish intent to commit fraud in the procurement of a registration.”

Although a few prior cases have reached similar results, this is the strongest statement by the TTAB to date on the degree of care required of applicants who claim use of a mark in the United States. The case effectively establishes a strict liability standard for including excess goods by mistake in a claim of use. In addition, the TTAB could decide, in a future case, to import the same strict liability standard into determinations on the validity of U.S. applications filed on the basis of foreign applications or registrations under Section 44 of the U.S. Trademark Act or U.S.

extensions of international registrations under the Madrid Protocol. In all such applications or extensions, the applicant must claim a bona fide intention to use the mark in the U.S. for all the goods claimed in the U.S. application or extension.

It is very prudent, therefore, for a party claiming use in a U.S. application to exclude goods or services for which it has no use in the U.S. It is also prudent for a foreign applicant filing a U.S. application on the basis of a home application or registration, or extending its international registration to the U.S. under the Madrid Protocol, to exclude goods or services for which it does not have a provable intent to use the mark in the U.S. The proper mechanism to avoid including a broad list of goods from an international registration in the U.S. extension is to use the limitation feature of the extension request form, part 10 of WIPO form MM2, to include fewer goods in the extensions to the U.S. The U.S. PTO intends to begin accepting Madrid Protocol filings and extensions in November 2003.

- DE

Decision: USE IN COMMERCE

International Bancorp v. Societe des Bains de Mer, 66 U.S.P.Q.2d 1705 (4th Cir. 2003).

In a precedent-making case that departs from existing case law, the U.S. Court of Appeals for the Fourth Circuit held that a foreign corporation's provision of services to U.S. citizens in a foreign country, combined with promotion of the services within the U.S., qualifies as "use in commerce." Societe des Bains de Mer ("SBM") operates the Casino de Monte Carlo casino in Monte Carlo, where it provides gambling services to U.S. citizens, among others. SBM promotes the casino from a New York office staffed with four employees and invests \$1 million annually in its New York operations, including trade show participation, advertising campaigns, charity partnerships,

direct mail solicitations, and telephone marketing.

The case arose in the context of SBM's efforts to have transferred from International Bancorp 53 domain names, all containing the name "Casino de Monte Carlo." SBM brought a successful case before the World Intellectual Property Organization, which ordered the transfer of the domain names. The domain name owners then brought a declaratory judgment action in the U.S. District Court for the Eastern District of Virginia. The court denied the claim and instead granted summary judgment in SBM's favor on its counterclaims, holding the domain name owners liable for trademark infringement, unfair competition and cybersquatting under Sections 43(a) and 43(c) of the Lanham Act. The Court of Appeals affirmed the judgment, reasoning:

Because SBM used its mark in the sale and advertising of its gambling services to United States citizens; because its rendering of gambling services to United States citizens constitutes foreign trade; because foreign trade is commerce Congress may lawfully regulate; and because commerce under the Lanham Act comprises all commerce that Congress may lawfully regulate, the services SBM renders under the "Casino de Monte Carlo" mark to citizens of the United States are services rendered in commerce, and the "use in commerce" requirement that the Lanham Act sets forth for the mark's protectibility is satisfied.

66 U.S.P.Q. 2d at 1713.

The relevant test, as set out by the court is (1) whether there is "qualifying commerce" – i.e., commerce which Congress may regulate, be it interstate commerce or foreign commerce, and (2) whether the owner of the mark used or displayed the mark in the advertising and sale of those qualifying services to the qualifying

consumers (i.e., U.S. consumers). 66 U.S.P.Q.2d at 1721. Since foreign commerce is a qualifying type of commerce and since foreign commerce by definition takes place outside the U.S., this court found that U.S. advertising and promotional activities, coupled with U.S. customers traveling to Monaco to participate in the advertised services, was sufficient to constitute “use in commerce.”

The majority reached this outcome by separating the definition of “use in commerce” into steps. The statutory definition of “use in commerce” states that a mark is used in commerce:

on services, when it is used or displayed in the sale or advertising of services *and the services are rendered in commerce*, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services. 15 U.S.C. § 1127 (emphasis added by the court).

66 U.S.P.Q.2d at 1709. First, the court observed that “commerce” is defined as “all commerce which may lawfully be regulated by Congress” under the Commerce Clause of the U.S. Constitution. The court then noted that a mark is used in commerce “only if it accompanies services rendered in commerce, *i.e.*, it is employed appurtenant to an established business or trade that is in commerce[;] ‘mere advertising’ of that mark does not establish its protectibility...” *Id.* If SBM had relied solely on its advertising and promotional activities in New York relating to the CASINO DE MONTE CARLO services in Monte Carlo, the court suggested that the domain name owners would have prevailed. However, the court concluded that the casino services are rendered in foreign trade which Congress may regulate because, as the domain name owners admitted at the court hearing, United States citizens went to and gambled

at the casino in Monte Carlo. “This concession, when taken together with the undisputed fact that the Casino de Monte Carlo is a subject of a foreign nation, makes unavoidable the legal conclusion that foreign trade was present here, and that as such, so also was ‘commerce’ under the Lanham Act.” *Id.* at 1710. In other words, “because United States citizens purchase casino services sold by a subject of a foreign nation, which purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause,” the requirements for use in commerce were met. The court concluded, “[T]here is thus no rationale for limiting the scope of congressional authority in the realm of foreign commerce to commercial intercourse that occurs solely within the United States.” *Id.* at 1712.

It is difficult to reconcile this holding with existing case law, as the detailed and lengthy dissent argued. The majority’s opinion extensively reviewed the precedent raised by the dissent, explaining why the prior cases were either wrongly decided or inapposite. Most troublesome was Linville v. Rivard, 41 U.S.P.Q. 2d 1731 (TTAB 1997), aff’d, 45 U.S.P.Q. 2d 1347 (Fed. Cir. 1998). In Rivard, the owner of 37 hair styling salons in Canada, many of which were located within an hour’s drive of the U.S. border, actively solicited a U.S. clientele. He took a booth at the North Dakota state fair, handed out coupons and balloons, and advertised in cross-border publications. His efforts were successful, as he gained a significant U.S. clientele who regularly purchased his salon services. As the dissent in Int’l Bancorp pointed out, the Rivard decision rejected the arguments made by Rivard that the combination of these marketing activities and significant numbers of U.S. citizens crossing the border to use Rivard’s salon services constituted use in commerce. 66 U.S.P.Q.2d at 1727. The majority opinion in Int’l Bancorp goes on at length to describe

the Rivard case at the TTAB level and on appeal to the Federal Circuit, but concludes that the court there relied on the unpublished opinion of the TTAB, and without “any consideration of whether servicing United States consumers constituted qualifying commerce.” Id. at 1718. Thus, the court here discounted the Rivard case, which seemed to be directly on point, because the issue of cross-border traffic qualifying as “foreign commerce” was ignored by the TTAB and the court. Id. at 1721.

Similarly, the majority in Int’l Bancorp rejected the holding in another closely analogous case, Mother’s Restaurants Inc. v. Mother’s Other Kitchen, Inc., 218 U.S.P.Q. 1046 (TTAB 1983). There, the TTAB considered whether advertising and promotional efforts directed to U.S. residents and tourists crossing over to Canada constituted use in commerce, and held that it did not because the restaurant services were never offered in the U.S. The Int’l Bancorp majority opinion stated:

[T]he Board never addressed the question of whether commerce that Congress could regulate was at issue. While it appears that such was the case from the factual description provided, the Board suggests that the only relevant question was whether “promotional activities in Canada” could create a right in a mark. By this formulation of the Lanham Act standard, the Board seems, like the dissent, to conflate the “commerce” element of the “use in commerce” requirement with the “use or display of the mark” element of that same requirement.

The dissenting opinion gave detailed support for its position that this decision is contrary to all existing precedent from the courts, the Trademark Trial and Appeal Board and the Court of Appeals for the Federal Circuit. Thus, it remains to be seen whether other courts, as well as the TTAB

and the Federal Circuit, will follow this case. If so, the way may be considerably open to preserve service mark registrations in the U.S. PTO based solely on use abroad, and also to bring Lanham Act claims in the U.S. based on such use, provided that the services are promoted in the U.S.

- SUD

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INTERNATIONAL

CHILE

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- Nice Classification

UKRAINE

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DEADLINES

CTM (November 1, 2003)

Singapore (July 13, 2004)

Chile: NICE CLASSIFICATION

Chile has now implemented the Eighth Edition of the Nice Classification, thereby adding three new classes, i.e., Classes 43,

44 and 45, and reducing the scope of Class 42. The new class headings are as follows:

- Class 42 – Scientific and technological services and research and design

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relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services.

- Class 43 – Services for providing food and drink; temporary accommodation.
- Class 44 – Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.
- Class 45 – Personal and social services rendered by others to meet the needs of individuals; security services for the protection of property and individuals.

These new classes are applicable for new and pending applications. Applicants will be required to amend their pending applications and pay additional registration fees for adding any new classes. The new classes will also be applicable to registrations that are renewed in the future.

- TF

China: NEW POLICY ON COLLECTIVE AND CERTIFICATION MARKS

Now in effect is a new policy which stipulates what information and documents are required to apply for registration of collective and certification marks, including the registration of geographical indications as such marks. Of note are the following rules:

- The Applicant must originate from the geographical area indicated.
- The Applicant must prove its capacity to file such application by filing approval documents issued by the local government or other official bodies from the relevant jurisdiction, and proof that it enjoys legal protection of the geographical indication in the country of origin.
- The Applicant must provide information about the qualification of the technical

professionals and equipment available to it, or its appointee, to demonstrate that the Applicant has the ability to verify the special feature or quality of the goods with which the geographical indication is to be used.

In addition, under the new procedures, certification and collective marks may now be assigned as long as the assignee has the capacity to own the mark.

- AK

European Court of Justice: THREE-DIMENSIONAL SHAPE MARKS

In *Linde AG (C-53/01)*, *Winward Industries Inc. (C-54/01)*, and *Rado Uhren AG (C-55/01)*, the Bundesgerichtshof (the Federal Court of Justice of Germany) referred two questions on Articles 3(1)(b), (c) and (e) of First Council Directive 89/104/EEC to the European Court of Justice (“ECJ”). The Bundesgerichtshof inquired into whether:

- 1) under Article 3(1)(b), a more stringent test must be applied to assess the distinctiveness of three-dimensional shape trademarks; and
- 2) Article 3(1) (c) is significant for three-dimensional shape marks, independent of Article 3(1) (e).

Article 3(1) of the Directive provides the following grounds for refusal of registration or invalidity:

- “(a) signs which cannot constitute a trade mark;
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other

characteristics of the goods or service;

- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade; and
- (e) signs which consist exclusively of:
 - the shape which results from the nature of the goods themselves, or
 - the shape of goods which is necessary to obtain a technical result, or
 - the shape which gives substantial value to the goods...

The Bundesgerichtshof's questions arose from three separate proceedings between Linde AG ("Linde"), Winward Industries Inc. ("Winward") and Rado Uhren AG ("Rado") and the Deutsches Patent- und Markenamt (German Patent and Trademark Office) which refused their trademark applications for three-dimensional marks due to lack of distinctiveness. The proceedings were joined.

Linde applied for a vehicle. Winward applied for a torch. Rado sought protection for a wristwatch which was already covered by an international trademark registration. In addition to the non-distinctiveness ground, the German Patent and Trademark Office refused registration of Rado's mark based on the need to preserve the availability of the mark for third parties.

All three cases were appealed to the Bundespatentgericht (Federal Court for Intellectual Property Matters) which dismissed them. Linde's three-dimensional shape was considered devoid of distinctive character. Winward's three-dimensional shape was considered "a typical torch shape, which, notwithstanding a certain elegance, remains commonplace in the

market." Regarding Rado's three-dimensional shape, the Court found that "the three-dimensional representation of the watch, with or without a time display, and segmented strap of the same width as the watch face lacked the required distinctiveness character in its specific design..." Moreover, the Court stated that

"a fairly strict test must be applied for the purposes of establishing the originality of the product or its parts because they themselves are the most important means of description, and if they are monopolized there is a risk that competitors will be impeded in the design of their products and it is at least conceivable that there is a need to preserve availability."

Further appeals to the Bundesgerichtshof were filed and that court referenced the aforementioned questions to the ECJ.

Regarding the first question, the ECJ found that "neither the scheme of the Directive" nor the language of Article 3(1)(b) suggested that a stricter standard should be applied to three-dimensional shape marks to assess distinctiveness as compared to other trademark categories. Nevertheless, the ECJ pointed out that, in practice, it may be more difficult to establish the distinctiveness of shape marks.

In response to the second question, the ECJ found Article 3(1)(e) serves as a preliminary obstacle to three-dimensional shape marks. The ECJ further found that the language of this Article 3(1)(c) is sufficiently broad to cover three-dimensional shape marks. Thus, Article 3(1)(c) is relevant to three-dimensional shape marks. The ECJ stated further that each of the grounds of refusal under Article 3(1) is independent of the other and calls for individual examination. Additionally, public interest must be considered when assessing registration of marks under Article 3.

Based on this decision, there appears to be no legal basis for applying a stricter standard to three-dimensional shapes to determine their registrability or validity. However, in practice, it may be more difficult to do so. Moreover, an evaluation of the registrability or validity of a three-dimensional shape mark can be based on Article 3(1)(c), independent of Article 3(1)(e).

- LG

European Union: ENLARGEMENT AND ITS IMPACT ON THE COMMUNITY TRADEMARK SYSTEM

On May 1, 2004, the European Union will expand to include ten additional countries, namely Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. This enlargement process has significant ramifications for trademark practice within the European Community Trademark (CTM) system.

As a precondition to accession, the new countries were required to harmonize their national trademark laws with EU law. Moreover, under the Treaty of Accession signed in Athens on April 16, 2003, and Article 142a of the CTM Regulation, the trademark rights conferred by CTM registrations will be automatically extended to the ten new countries upon their entry into the EU without the requirement for administrative action or payment of fees by the CTM owner. This no-cost extension of rights to the expansion countries is, obviously, a great benefit to CTM owners.

However, the extension of rights could result in conflict with earlier national rights in the new member states. Under the Accession Treaty, "earlier national rights" include any such rights that have been acquired prior to the May 1, 2004 date of accession of the new member states, for example, nationally registered trademarks

or pending applications in the new member countries whose filing date (or convention priority date) is earlier than the May 1, 2004 date, marks that are well-known under Article 6-bis of the Paris Convention as of the date of accession, and unregistered marks in existence before such date, provided such marks are protected in the new member state. The owner of such earlier national rights in a new member country will be entitled to exclude an owner of a confusingly similar CTM registration that has been automatically extended to the new member states from use of its mark in such country, unless the CTM owner can establish that the earlier national rights are invalid or otherwise subject to attack, or were acquired in bad faith.

The effective priority date in a new member country for pre-extension CTM registrations will be the date of extension to such country, not the filing date of the CTM. For example, suppose Party A owns a CTM registration arising from an application filed January 1, 2000 and Party B owns a Czech Republic registration for a confusingly similar mark arising from an application filed January 1, 2001. At first blush, it appears that Party A has priority due to its earlier filing date. However, under the Accession Treaty, Party B will have priority with respect to the Czech Republic, since the effective priority date of Party A's CTM registration with respect to Czech Republic will be the date of extension of the CTM system to the Czech Republic, May 1, 2004. This framework makes sense in that it preserves the status quo of rights in the new member countries.

It is important to note in this context that owners of earlier national rights in the new countries cannot attack the validity of the newly extended CTM as a whole. This is an important feature of enlargement, from the IP perspective, since it is an exception to the "all-or-nothing" (unitary) rule that applies to the CTM. However, under Article

142a(3), owners of earlier national rights in the acceding countries are given an exceptional opposition right for CTM applications filed within the six months prior to accession, i.e., after November 1, 2003. If no opposition is filed, this right is lost and cancellation cannot later be requested.

The principal implications of the above provisions are essentially twofold: First, any CTM application filed earlier than November 1, 2003 should not be vulnerable to challenge by an earlier national trademark in a new member state (since the enlargement of the CTM system will occur six months later, on May 1, 2004). Accordingly, trademark owners expecting to file CTM applications over the next year may wish to consider filing **before November 1, 2003** to foreclose attack by owners of new member country trademarks. Second, trademark owners filing after November 1, 2003 may wish to consider conducting trademark searches for potentially conflicting marks in the candidate countries because any earlier rights in such states could form the basis for opposition to the CTM application.

An additional change to European trademark practice resulting from the entry of new countries into the EU is that, following extension of the CTM system, the absolute grounds for refusal of a CTM application will expand to preclude registration of previously registrable marks which are found to be descriptive, generic, deceptive or against public policy or morality in the languages of the new member countries. Accordingly, CTM applications filed after May 1, 2004 may be rejected if such absolute grounds exist in new member countries. Retroactively, however, CTM registrations and applications filed before extension cannot be challenged based on such new absolute grounds. Nevertheless, if a preexisting CTM registration covers a mark that is descriptive, generic or otherwise non-distinctive in a new member

country, a fair use defense may be available against enforcement of the mark in such country. Similarly, if a registered CTM is against public policy or morality in a new member country, the use of such mark could be prohibited by national law in the new member country. Generally speaking, however, the practical relevance of this is likely to be fairly limited. We are advised that a substantial number of refusals of CTM applications based on descriptiveness or generic character have concerned English, French or German terms, and that objections based exclusively on descriptiveness in another language are rare, as are objections based on public policy or morality. Nonetheless, the fact that the CTM must meet all registration requirements in all member states may become of practical relevance to such marks that need to rely on acquired distinctiveness, such as non-traditional trademarks (e.g., three-dimensional and color marks). It could thus become increasingly difficult to prove that a particular non-traditional trademark has acquired distinctiveness based on use in the entire EU, including the new member states.

There will undoubtedly be additional wrinkles and new issues for CTM practice that develop as the enlargement process continues. We will follow these developments and provide updates in future Newsletters.

The key issue for now is that, as discussed above, parties planning to file CTM applications should consider doing so **before November 1, 2003**, to foreclose attack by owners of earlier trademarks in the accession countries.

- JV

Hungary: GROUNDS FOR TRADEMARK CANCELLATION

In a recent decision, the Hungarian Supreme Court elucidated grounds for

canceling a trademark registration, in addition to those based on prior trademark rights. In the subject case, plaintiffs were creators of a radio program called CAPPUCCINO and claimed copyrights in the program. They brought an action in the Hungarian Patent Office ("Office") to cancel a registration for CAPPUCCINO (with a priority date of October 21, 1996) for goods and services in Classes 16, 35, 38, 41 and 42, claiming copyright infringement.

The Office rejected the claim, stating that even if they owned copyright to the program, it was not within the competency of the Office to determine this issue.

The Office decision was appealed to the Metropolitan Court where, in addition to asserting their original claim, complainants initiated a separate copyright infringement suit. The Metropolitan Court annulled the Office decision and cancelled the trademark registration for CAPPUCCINO. The court found that complainants had prior unregistered rights in the mark and use by the owner of the CAPPUCCINO mark constituted unfair competition. Furthermore, the complainants had acquired prior rights, under the Civil Code (which covers intellectual property for things that are widely used but are not in the public domain), constituting an additional basis for cancellation. There appeared to be no need to demonstrate that the complainants owned copyrights in the radio program and its title. Finally, the Court held that the complainants' moral rights were infringed by registration of the CAPPUCCINO trademark since the general public associated CAPPUCCINO with complainants. In its decision, the Metropolitan Court did not consider whether the complainants' copyright had been infringed.

The decision was appealed to the Supreme Court which annulled the decision and remanded the case to the Metropolitan Court for further consideration once a decision in the copyright infringement suit

has been rendered. The Supreme Court held that since complainants did not seek cancellation based on prior use of an unregistered mark, this theory should not have been a ground for cancellation. Moreover, the Supreme Court found that a cancellation action must be based on a specific intellectual property right, not the general clause of the Civil Code. Finally, simply registering a trademark does not infringe the complainants' moral rights.

As of this writing (August 2003), a decision in the copyright case had not yet been rendered.

- LG

Libya: NULLIFICATION OF MARKS

The Minister of Commerce in Libya has issued a decision (June 7, 2003) cancelling all trademark applications filed during 1981-2002 (including any registrations that may have issued therefrom). Various reasons were proffered for making this decision, which issued despite efforts by IP firms to prevent such action. Accordingly, trademark owners whose marks are affected will need to re-file in Libya to protect their marks.

- JLH

Peru: CYBERSQUATTING

In *Caterpillar Inc v Comercio e Importaciones* (Resolution 0448-2002/TPI-INDECOPI), the Peruvian Trademark Office addressed the issue of when use of a trademark as part of a domain name constitutes trademark infringement.

As the owner of the well-known CATERPILLAR and CAT marks for footwear and heavy equipment, Caterpillar Inc. objected to the website www.catdelperu.com owned by Comercio e Importaciones, for sale of heavy machinery. Caterpillar filed an infringement action with the Trademark Office, arguing that Comercio e Importaciones' use of CAT as

part of the www.catdelpeu.com domain name constitutes trademark infringement, seeking to enjoin use of CAT as part of the domain name. The Trademark Office decided in favor of the plaintiff, holding that use of the well-known CAT mark as part of the domain name constituted trademark infringement because:

- 1) the remainder of the domain name, “delperu” meaning “from Peru” was not sufficiently distinctive to avoid risk of confusion;
- 2) the respective goods and services were related; and
- 3) the infringing website did not include a disclaimer alerting consumers to the fact that the goods and services offered on the website were not related to those of the plaintiff.

The Trademark Office also imposed a fine upon Comercio e Importaciones of approximately US\$3500.

This decision seems to depart from the Peruvian Trademark Office’s previous position on this issue. Before *Caterpillar Inc. v. Comercio e Importaciones*, the test applied by the Trademark Office was more strict as only use of an identical mark as a domain name was deemed trademark infringement. After *Caterpillar*, it would seem that use of a trademark as part of a domain name will be sufficient to prove trademark infringement, even if the domain name is not identical to the trademark. This decision will surely be welcomed by trademark owners in their fight against cybersquatting.

- CC

Philippines: DECISION – DOMINANCY TEST

On March 7, 2003, in *Tiffany and Company v. Winston Hankies & Needlecraft Company*, the Philippine Intellectual Property Office’s Director of the Bureau of

Legal Affairs accepted Tiffany and Company’s (“Tiffany”) opposition against registration of the mark TIFFANY & Chinese Character, for use in relation to handkerchiefs.

Tiffany’s opposition was based on its ownership and prior use, both internationally and in the Philippines, of TIFFANY as a trademark and as a tradename in association with luxury goods, including scarves and neckties.

Tiffany’s arguments included:

- The Applicant’s mark is confusingly similar to Tiffany’s mark TIFFANY.
- Its TIFFANY mark is entitled to protection as a well-known mark under Section 6bis of the Paris Convention for the Protection of Industrial Property and Article 16(2) of the Agreement on Trade Related Aspects of Intellectual Property.
- Registration of the Applicant’s mark will diminish the distinctiveness and dilute the goodwill of its registered marks TIFFANY and TIFFANY & CO.

In deciding in favor of Tiffany and Company, the Director of the Bureau of Legal Affairs applied the dominancy test and concluded that the dominant feature of both marks was the term TIFFANY. Moreover, since both marks covered clothing accessories, the Director concluded that use of the TIFFANY mark by the Applicant would lead to a confusion of source. The Director held that the addition of the Chinese character (meaning “yellow”) in the Applicant’s mark did not in any way distinguish the mark from Tiffany’s but was only likely to lead to the impression that Tiffany had extended its products to Chinese handkerchiefs.

- AK

Portugal: NEW INTELLECTUAL PROPERTY LAW

A new Intellectual Property Code came into force in Portugal on **July 1, 2003**. The new code is intended to harmonize Portuguese trademark law with European Union law and is applicable to trademark applications pending as of July 1, 2003 or filed thereafter.

The principal changes include the following:

- Use of a mark by a third party made under the control of the trademark owner will inure to the benefit of the owner for purposes of maintaining the registration. This provision brings Portuguese law into compliance with Article 19, Paragraph 2 of the TRIPS Agreement.
- The principle of *Restitutio in Integrum*, or “Restoration of Rights” from Article 78 of the Community Trademark Regulation is incorporated into Portuguese law. This provision allows an applicant or registrant to re-establish rights lost in the event that a deadline has been missed, provided that such party can demonstrate that it exercised all due care under the circumstances.
- The new code maintains the requirement to file a Declaration of Intention to Use every five years. Under the new code, however, if such Declaration is not timely filed, the trademark is presumed to be not in use.
- The new code implements European Community Directive 98/71 on the legal protection of designs. As a result, the term of design registration was extended from one to five years, and such registrations may now be renewed four times.
- The new code establishes a procedure for conversion of Community Trademark applications into national applications in Portugal.
- Unfair competition is no longer a criminal offense. Accordingly, under the

new code, unfair competition is punishable by fines instead of imprisonment.

- It is anticipated that the official fees for trademark filings will be increased. However, information regarding such increase has not yet been made available.

- JV

Singapore: REGISTRATION OF COMPANIES AND BUSINESSES (OBJECTION BY TRADEMARK OWNERS) (DEADLINE – **JANUARY 13, 2004)**

The laws governing the registration of companies and businesses have recently been amended in Singapore. Under Section 27(1) of the amended Companies Act and Section 11(1) of the amended Business Registration Act, the Registrar of Companies and Businesses is no longer required to search for similar names before allowing an application for a new company or business name. This modification shifts the burden to the applicant seeking to register the company or business name to determine whether its proposed name does not resemble any names which have already been registered.

The Registrar will reject a proposed name if it is: (a) identical to another company, business, or corporation name; (b) “undesirable”; or (c) the type of name that the Minister has instructed the Registrar not to accept (not defined in the law but could include generally known local names such as “Raffles,” or names contrary to public policy).

Trademark owners can apply within twelve months of the registration of the company name to request that the Registrar direct a registrant to change its name. For companies or businesses which were registered or incorporated before January 13, 2003, trademark owners have until **January 13, 2004** to file a complaint. The

registrant will have six weeks from the date of the direction to comply (the Registrar may allow a longer period to do so).

The Registrar will order a registrant to change its name only if: (1) a valid complaint has been made which identifies the basis of the rejection (outlined in (a)-(c) above); or (2) the business name “so nearly resembles the name of another company or corporation or a business name as to be likely to be mistaken for it.” The term “corporation” is defined broadly, permitting foreign companies that do not have local business registrations in Singapore to utilize their business or trade names to object to one which appears on the Company’s Register.

Entities filing complaints will need to provide the following information (among other things): 1) trademarks owned on a worldwide basis; 2) first use of their marks in Singapore and elsewhere; 3) where the company operates; and 4) sales information.

We are advised that The Companies Register may be searched free of charge online to view new entries on the register but a fee is levied to extract details of the company. The website is www.rcb.gov.sg for the online directory search. A 12 month search can be conducted free of charge under www.bizfile.gov.sg where the system will check for any company bearing an identical or similar name which was registered within the 12 month period selected.

- LG

Taiwan: TRADEMARK LAW AMENDMENTS

Amendments to Taiwan’s Trademark Law, which will come into effect on **November 28, 2003**, include the following significant changes:

Trademark Registration

- Three-dimensional, sound, and single color marks may be registered.
- Geographical indications may be registered as certification marks to distinguish alcoholic drinks originating from a particular place.
- Collective marks, i.e., trademarks which distinguish the goods/services of member of organizations, may also be registered.
- Multi-class applications are possible, and they may subsequently be divided into two or more applications based on the goods/services designated while maintaining the original filing date.
- Proof of use will no longer be required for renewal.
- Associated mark and defensive mark registration systems will be abolished, such that all existing associated marks will become independent registrations, while defensive registrations will be maintained until their expiration date, at which time they will either expire or become independent registrations.
- Letters of consent may overcome citations issued by the Trademark Office provided that the parties’ marks and goods/services are not identical.

Opposition, Invalidation and Cancellation Procedure

- Pre-registration opposition will be replaced with post-registration opposition; the opposition term will be three months from publication of registration.
- A registration may be invalidated up to five years after publication of registration (except in cases of plagiarism of well-known marks).
- A trademark which has become generic or misleads the public as to the nature, origin, or quality of goods/services, may be cancelled.

- Use of a mark through electronic or digital media will be considered use of the trademark in defending a non-use cancellation action

Infringement

- Trademark infringement will include the act of diluting a well-known trademark.
- Use of another's registered trademark as one's corporate name, trading name, domain name or other symbol indicating the source of business will also constitute infringement.
- Where the goods/services covered by the conflicting marks are not identical but merely similar, it will be necessary to prove that there is a likelihood of confusion among relevant consumers for infringement to be found.
- Trademark owners may apply for border enforcement to prevent the import or export of infringing goods.

- AK

Thailand: NICE CLASSIFICATION

As of **June 1, 2003**, Thailand adopted International Classes 43, 44, and 45 as prescribed in the Eighth Edition of the International Classification of Goods and Services. This will not affect applications filed before that date or existing registrations, but it may be necessary to reclassify certain Class 42 registrations upon renewal.

The modified Class 42 and additional service class headings are as follows :

Class 42 – Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services;

Class 43 – Services for providing food and drink; temporary accommodation;

Class 44 – Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services; and

Class 45 – Personal and social services rendered by others to meet the needs of individuals; security services for the protection of property and individuals.

- AK

Ukraine: NEW TRADEMARK LAW

On **June 25, 2003** a new trademark law came into effect in Ukraine. The Omnibus Bill, "On Changes to Certain Legislative Acts of Ukraine on the Legal Protection of Intellectual Property," includes, *inter alia*:

- specific provision for protection of well-known marks through judicial or administrative proceedings;
- substantial strengthening of the enforcement and penalty scheme, such as provision for securing a search order within 48 hours;
- a provision for courts to order seizure of the assets of violators of intellectual property rights;
- substantially increased monetary fines (200 to 2,000 times untaxed minimum wages);
- prison sentences in appropriate cases;
- protection against misuse of trademarks on the Internet; and
- protection against a later geographic indication forming the basis for attacking an earlier trademark.

- JLH

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