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EDITOR: KAREN LIM

SEPTEMBER 2017

FROSS ZELNICK was ranked fifth in *Law 360*'s July 2017 ranking of "The Best Law Firms for Women" in the category of law firms with 20-149 lawyers.

THE LEGAL 500 (2017) recommends Fross Zelnick as a top-tier firm in the U.S. for Trademarks: Non-Contentious, and also recognizes the firm for Copyright and Trademarks: Litigation. Listed as "Leading Lawyers" in the United States are: [DAVID EHRlich](#) (Trademarks: Non-Contentious), [BARBARA SOLOMON](#) (Trademarks: Litigation), and [ROGER ZISSU](#) (Copyright). The publication also recommends [CARA BOYLE](#) (Trademarks: Non-Contentious), [DAVID DONAHUE](#) (Copyright, Trademarks: Non-Contentious), [RICHARD LEHV](#) (Trademarks: Litigation), [LAURA POPP-ROSENBERG](#) (Trademarks: Litigation), and [JAMES WEINBERGER](#) (Copyright, Trademarks: Litigation, Trademarks: Non-Contentious).

BEST LAWYERS IN AMERICA (2018 Edition) has nominated to their list [RICHARD LEHV](#) (Copyright, Litigation – Intellectual Property, Trademark), [JOHN MARGIOTTA](#) (Copyright), [CRAIG MENDE](#) (Litigation – Intellectual Property), [ALLISON STRICKLAND RICKETTS](#) (Trademark), and [ROGER ZISSU](#) (Copyright, Litigation – Intellectual Property).

JAMES WEINBERGER and [EMILY WEISS](#) prevailed on behalf of longtime client DC Comics ("DC") before the Trademark Trial and Appeal board (the "Board") in an opposition involving THE FLASH character and related trademarks. DC had opposed an application to register the mark FLASH TEC together with a lightning bolt design in connection with clothing. In a lengthy [decision](#) dated August 8, 2017, the Board held that THE FLASH was "a valuable intellectual property asset with marketplace strength" and found that FLASH TEC was likely to cause confusion.

SUSAN UPTON DOUGLASS has been selected for inclusion in the *Who's Who Legal: Thought Leaders 2018*, a selective new guide featuring "the most highly regarded lawyers and consulting experts," based on independent research of "those who truly stand out in their field as being leaders and who are held in the highest esteem by their clients and fellow practitioners."

DAVID EHRlich is mentioned in a newly published biography of the singer/songwriter Jimmy Buffett, *Jimmy Buffett: A Good Life All The Way* by Ryan White. The book summarizes the opposition proceeding which we filed in 1983 for Buffett, which became

a major legal basis for the later growth of a huge and ongoing licensing program for MARGARITAVILLE. We opposed an application for MARGARITAVILLE (the name of Buffett's most famous song) by a restaurant chain, alleging that the applicant's unauthorized use of the famous song title would falsely suggest a connection with Buffett, a legal claim that Ryan's book says "hadn't been done before." [*Jimmy Buffett v. Chi-Chi's, Inc.*](#) 226 U.S.P.Q. 428 (T.T.A.B. 1985). The case expanded the boundaries of law prohibiting registration of marks that falsely designate a connection with a person, holding that MARGARITAVILLE was equivalent to Buffett's nickname and, therefore, was unregistrable by another as a slogan for restaurant services.

[ALLISON STRICKLAND RICKETTS](#) was interviewed by Clarivate Analytics in June 2017 for their white paper on design mark searching, "How Image Recognition Transforms Design Mark Searches."

[JAMES WEINBERGER](#) is speaking on a panel at the 45th annual meeting of the Intellectual Property Owners Association in San Francisco on September 18, 2017. James will be one of several in-house and outside trademark counsel addressing issues relating to strategic partnerships between in-house legal departments and their outside lawyers.

The latest Spring 2017 issue of the Journal of the Copyright Society of the USA has published the Society's forty-sixth Annual Donald C. Brace Memorial Lecture delivered by [ROGER ZISSU](#) on November 17, 2016. A copy of the lecture is available [here](#).

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

Information Letter

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UNITED STATES

<p>SUPREME COURT</p> <ul style="list-style-type: none"> Lanham Act's Disparagement Clause Violates First Amendment <i>Matal v. Tam</i> <p>FEDERAL CIRCUIT COURT OF APPEALS</p> <ul style="list-style-type: none"> Amazon Not Liable For Third-Party Sellers' Alleged Infringement <i>Milo & Gabby LLC v. Amazon.com, Inc.</i> 	<p>INTERNET</p> <ul style="list-style-type: none"> Advantages Of Word Mark Registrations For Monitoring On Amazon And Facebook
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Supreme Court: LANHAM ACT'S DISPARAGEMENT CLAUSE VIOLATES FIRST AMENDMENT

Matal v. Tam, 137 S. Ct. 1744 (2017)

In June 2017, the United States Supreme Court affirmed the Federal Circuit's ruling that the disparagement clause of the Lanham Act prohibiting federal trademark registration for marks that disparage persons, living or dead, was facially invalid under the First Amendment protection of speech. With the exception of Justice Gorsuch who recused himself as he was not on the Court at the time of oral argument, all eight other justices joined the holding.

A. Background

Simon Shiao Tam, the front man of the rock band *The Slants*, applied in 2011 to register the name of his band with the United States Patent and Trademark Office ("USPTO"). An USPTO examining attorney denied Tam's application on the grounds that the band name violated the Lanham Act's prohibition against registration of trademarks that may "disparage...or bring...into contemp[t] or disrepute" any "persons, living or dead." 15 U.S.C.A. § 1052(a). Tam and his bandmates, all Asian men, had chosen the band name to "reclaim" the term "slants," which is sometimes used as a derogatory term referring to the eye shape of people of East Asian descent. Tam appealed the examining attorney's decision to the USPTO

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Trademark Trial and Appeal Board (“TTAB”), which affirmed the application’s refusal on the ground that the mark THE SLANTS disparaged people of Asian heritage. A Federal Circuit panel initially affirmed the refusal, but on rehearing en banc, vacated and remanded the decision on the ground that the disparagement clause was likely unconstitutional, and even if valid, the mark did not qualify as disparaging to justify refusal of registration. Our previous detailed discussion of the Federal Circuit decision can be seen [here](#). The Supreme Court granted certiorari before further proceedings occurred in the TTAB.

B. The Supreme Court Opinion

The Supreme Court first rejected Tam’s argument that the disparagement clause applies only to natural or juristic persons, rather than a racial or ethnic group of people, as refuted by the clause’s use of the word “persons.” The standard of review under the clause asks whether the mark would be found disparaging by a “substantial” percentage of the affected group, or in other words, disparaging of many “persons.” If Congress had wanted to limit the clause’s application to individuals, the Court reasoned, it could have used the phrase “particular living individual” as it did in neighboring Section 1052(c). Moreover, Tam’s narrow reading contradicts the wide breadth of the clause, which also applies to “institutions” and “beliefs.”

Nevertheless, the Supreme Court ruled for Tam by entirely striking down the disparagement clause as facially unconstitutional. According to the Court, the clause violated First Amendment protections against government censorship of private speech that impermissibly discriminates based on the speech’s viewpoint. The Court first rejected the Petitioner’s argument that the TTAB’s review of trademark applications need not be viewpoint neutral because trademark registrations are government speech, similar to personalized license

plates, which the government can refuse based on viewpoint because license plates are closely associated with government speech and activity. The Court found that trademark registrations are not government speech because the government does not “dream up the trademarks registered,” cannot remove registrations unless a private party initiates cancellation proceedings, and would be “babbling prodigiously and incoherently” if trademarks were government speech. A finding that government speech includes trademark registrations would be “a huge and dangerous extension” of the doctrine that could extend to government denial of copyright registrations based on the viewpoints expressed in the applicants’ works.

In the alternative, the government argued that the USPTO can refuse to register disparaging trademarks because registration is akin to a government subsidy, or that the USPTO’s trademark registers are limited public forums available through a government program. The Court found government subsidy cases inapposite because the USPTO does not pay money to applicants, but rather requires them to pay fees, and government spending to operate the USPTO does not constitute a subsidy. Cases regarding limited public forums were more relevant, but these cases also forbade viewpoint discrimination. Since “giving offense” is a viewpoint, the disparagement clause facially discriminated based on viewpoint.

After holding that trademark registrations were private, rather than government speech, the Court considered Petitioner’s argument that the disparagement prohibition met the standard for government regulation of commercial speech, which requires that the restriction be “narrowly tailored” to serve “a substantial interest.” The Court refrained from determining whether trademarks qualified as commercial

speech by holding that the disparagement clause was invalid even under the more lenient standard for regulating such speech. The Court dismissed the first government interest offered by Petitioner—preventing speech that offends—as implicating “the heart” of First Amendment protection. The Court recognized a substantial interest in Petitioner’s second ground—protecting the orderly flow of commerce from disruption caused by trademarks that support invidious discrimination—but found that the clause was not narrowly tailored to the interest because it bars trademarks that disparage “any person, group, or institution.” Such broad language justifies the refusal of innocuous marks such as “DOWN WITH RACISTS,” and “goes much further than is necessary to serve the interest asserted.”

C. Implications of the Supreme Court Decision

Other prohibitions in Section 1052(a), such as the bar to deceptive marks, survives the Court’s ruling striking down the disparagement clause. The USPTO has taken the position that this decision does not affect its review of “scandalous matter” under Section 1052(a), which is currently the subject of the action *In re Brunetti*, No. 15-1109 (refusal of application for the mark FUCT), before the Federal Circuit. However, the Federal Circuit will likely hold that the scandalous matter prohibition is also unconstitutional viewpoint discrimination under the Supreme Court’s rationale in *Matal v. Tam*. This decision could have even farther-reaching implications within trademark law. The doctrine of dilution—and in particular, tarnishment—involves the TTAB making judgment calls about whether one mark harms the reputation of another mark, much like the disparagement clause required the USPTO to assess a mark’s offensiveness to particular people or groups. Trademark owners should watch future cases, like *In re Brunetti*, to see if *Matal v. Tam* is the beginning of a sea

change curtailing the USPTO’s powers to refuse and cancel registrations.

[-JV](#)

Federal Circuit Court of Appeals: AMAZON NOT LIABLE FOR THIRD-PARTY SELLERS’ ALLEGED INFRINGEMENT

Milo & Gabby LLC v. Amazon.com, Inc.,
Case No. 2016-1290 (Fed. Cir. May 23,
2017)

The Court of Appeals for the Federal Circuit recently affirmed a district court’s decision that Amazon.com, Inc. (“Amazon”) was not liable for patent, copyright, and trademark infringement based on third-party sales of pillowcases on Amazon’s website.

Plaintiff Milo & Gabby LLC (“Milo & Gabby”) designs and sells a line of “Cozy Companion” pillowcases, which includes pillowcases that turn a child’s pillow into a stuffed animal. Milo & Gabby owns five design patents for its pillowcases as well as copyrights for its pillowcases and certain marketing materials. Milo & Gabby discovered that ten third-party sellers were selling knockoff Cozy Companion pillowcases on Amazon’s website. One of the sellers was using the Fulfillment by Amazon service. A seller who utilizes Fulfillment by Amazon sends its products to an Amazon fulfillment center, where Amazon stores the product until a customer buys it, at which time Amazon pulls the product, packages it, and ships it to the customer. The third-party seller, however, retains full ownership over the products stored by Amazon.

Milo & Gabby filed a complaint against Amazon for design patent infringement, copyright infringement, trademark infringement, and false designation of origin. The district court granted Amazon’s motion for summary judgment on Milo & Gabby’s copyright infringement and Lanham Act claims, but denied Amazon’s motion as to

the design patent infringement claim. Amazon had argued that it never sold nor offered to sell the products within the meaning of the Patent Act, but Milo & Gabby argued that Amazon was liable for direct design patent infringement because it “offered to sell” the products. The district court found that there remained a factual question on Gabby & Milo’s “offer to sell” theory. After a jury trial on the underlying factual questions, the district court concluded that Amazon had not “offered to sell” the products at issue. Milo & Gabby appealed to the Federal Circuit.

The Federal Circuit addressed each of Milo & Gabby’s claims in turn. First, as to the design patent infringement claim, although Milo & Gabby had presented an “offer to sell” theory to the district court, its sole argument on appeal was that Amazon was a seller of the products at issue. The Federal Circuit found that Milo & Gabby had abandoned a “seller” theory of liability at summary judgment when it focused exclusively on its “offer to sell” theory. Because Milo & Gabby did not argue on appeal that Amazon was liable under the “offer to sell” theory, which the jury and court had considered at trial, the Federal Circuit affirmed the district court’s judgment in favor of Amazon on the design patent infringement claim.

The Federal Circuit then addressed Milo & Gabby’s copyright infringement claim. Milo & Gabby argued that the district court erred in granting summary judgment to Amazon because Amazon was both a “seller” and “distributor” of the accused products. The Federal Circuit first addressed whether Amazon was a seller under the Copyright Act. Milo & Gabby argued that the district court erroneously focused on the fact that Amazon never took title to the products sold on its website. According to Milo & Gabby, there were “numerous circumstances” in which a party is a seller of a product without taking legal title to the product. The Federal

Circuit, however, disagreed and found that, with some exceptions that were not applicable here, the absence of passage of title was significant in determining whether a sale had occurred. Here, Amazon did not take title to the goods at issue, including those goods that were serviced through its Amazon Fulfillment service, and therefore Amazon was not a seller of the goods. As for whether Amazon was a distributor, Milo & Gabby argued that the Fulfillment by Amazon service violated Milo & Gabby’s exclusive right to distribute copies of the copyrighted work by “sale or *other transfer of ownership*” under Section 106(3) of the Copyright Act, 17 U.S.C. § 106(3) (emphasis added). Milo & Gabby argued that Amazon’s actions constituted “other transfer of ownership” and that such transfers need not include the passage of title. The Federal Circuit noted that Milo & Gabby devoted one sentence in its opening brief to “other transfer of ownership,” and did not attempt to give meaning to this phrase in either its opening or reply briefs. Therefore, the Federal Circuit considered this argument waived.

Finally, the Federal Circuit addressed Amazon’s Lanham Act claims. The district court had dismissed Milo & Gabby’s Lanham Act claims because, in response to Amazon’s summary judgment motion, Milo & Gabby had asserted a claim of “palming off” for the first time, and therefore Amazon had not received fair notice of Milo & Gabby’s claim under Rule 8 of the Federal Rules of Civil Procedure. On appeal, Milo & Gabby argued that its complaint contained sufficient factual matter to put Amazon on notice of a “palming off” claim, but the Federal Circuit disagreed. While the complaint alleged a false designation of origin claim, the Court explained that a false designation of origin claim was far broader than a “palming off” claim. Therefore, the Federal Circuit affirmed the district court’s dismissal of Milo & Gabby’s Lanham Act claims.

While the Federal Circuit's decision was a significant victory for Amazon, especially with regard to the Amazon Fulfillment service, we note that claims regarding patent or copyright contributory or joint infringement or induced infringement were not before the Federal Circuit. Moreover, the Court's decision also cautions counsel to take steps to preserve all arguments for appeal.

[-EW](#)

Internet: ADVANTAGES OF WORD MARK REGISTRATIONS FOR MONITORING ON AMAZON AND FACEBOOK

Amazon is quickly becoming a key retail platform for nearly all brand owners. Similarly, Facebook ads are often a critical part of any online advertising campaign and Facebook's Marketplace is quickly gaining in importance. However, as many brand owners can attest, it can be hard to monitor who is selling branded merchandise improperly or misusing trademarks or copyrighted content at these sites.

Amazon recently re-launched its Brand Registry to address these concerns and help brand owners police counterfeits and unauthorized uses of their marks and copyrighted content at the site. Benefits of the Brand Registry include increased control over how the owner's goods appear at the Amazon website, including product titles, descriptions, and images. Once a brand owner has signed up for the Brand Registry, Amazon provides text and image search tools to help the owner identify and remove infringing and counterfeit listings. Complaints filed through the Brand Registry should also lead to permanent suspension of unauthorized seller accounts more quickly.

Facebook has introduced its Commerce & Ads IP Tool to assist brand owners in monitoring the Facebook Marketplace and use of their trademarks in Facebook ads.

Registered users of Facebook's tool are able to search Facebook across all ads and Marketplace listings, not just those that might appear in their own feed or local area, to identify unauthorized, infringing, and counterfeit uses of their registered trademarks and other intellectual property.

However, both platforms have a major limitation – not only do they restrict participation to brand owners with registered trademark rights, ignoring common law protections that may exist, but both Amazon and Facebook only allow brand owners to sign up with their monitoring platforms if they possess a “standard character” or “word mark” trademark registration. Neither Brand Registry nor Facebook's Commerce & Ads IP Tool accept registrations for stylized marks, even those that include a word or phrase that is separately registered as a standard-character mark.

For brand owners without registered rights in standard-character marks, Amazon and Facebook will continue to accept complaints, but response times are typically slower and brand owners will lack access to the additional search and monitoring tools offered to registered users of the Brand Registry or Commerce & Ads IP Tool.

Given these limitations, any owners who have not yet secured a standard-character registration of their trademarks but wish to take advantage of the enhanced enforcement tools now offered by both Facebook and Amazon should consider filing trademark applications for their word marks.

More information on Amazon's Brand Registry can be accessed [here](#) and to Facebook's Commerce & Ads IP Tool can be seen [here](#).

[-JM](#)

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Information Letter

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International

<p>Canada</p> <ul style="list-style-type: none"> Supreme Court Landmark Decision Declaring “The Internet Has No Borders”. <i>Google, Inc. v. Equustek Solutions</i> <p>Cayman Islands</p> <ul style="list-style-type: none"> New Intellectual Property Laws In Effect <p>China</p> <ul style="list-style-type: none"> Bad Faith Filings - Dou Shan And Beyond <i>Doosan Corporation and Doosan Infracore Co, Ltd. v. Beijing Jia He Xing Chan Lubricant Oil Co, Ltd.</i> Oral Hearings By “TRAB” Now Available <p>European Union</p> <ul style="list-style-type: none"> Test For Distinctiveness of Three-Dimensional Marks Applies To Figurative Marks For Two-Dimensional Representations of Products <i>August Storck KG v. EUIPO</i> Making Available And Managing Online Sharing Platform Is “Communication To The Public” <i>Stichting Brein v. Ziggo BV, XS4ALL Internet BV</i> 	<p>European Union</p> <ul style="list-style-type: none"> Acquired Distinctiveness Must Be Shown Throughout All Eu Member States <i>Mondelez UK Holdings & Services Ltd v. EUIPO</i> <p>India</p> <ul style="list-style-type: none"> Guidelines For Filing Well-Known Mark Requests <p>Russian Federation</p> <ul style="list-style-type: none"> The Trisolen Case – A Lesson In Enforcement Against Trademark Infringement <i>No. 301-АД 17-4305</i> <p>South Sudan</p> <ul style="list-style-type: none"> Reservation of Trade Marks <p>Thailand</p> <ul style="list-style-type: none"> Accession To Madrid Protocol <p>Turkey</p> <ul style="list-style-type: none"> Unregistered Design Now Protected <p>United Kingdom</p> <ul style="list-style-type: none"> Standard For Acquired Distinctiveness For Three-Dimensional Shapes Clarified <i>Société des Produits Nestlé SA v Cadbury UK Ltd</i> <p>Uzbekistan</p> <ul style="list-style-type: none"> Amendments to IP and Unfair Competition Laws
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Canada: SUPREME COURT LANDMARK DECISION DECLARING “THE INTERNET HAS NO BORDERS”

Google, Inc. v. Equustek Solutions Inc. (2017 SCC 34).

In what is being hailed as a landmark decision, the Canadian Supreme Court has affirmed a holding granting a global injunction against Google, even though it was a non-party to the underlying infringement action, requiring it to remove links from infringing websites from its global search results. In doing so the Supreme Court declared:

“The Internet has no borders – its natural habitat is global.”

The case involved Equustek, a small technology company in British Columbia, and its former distributor Datalink. Datalink sold counterfeit industrial networking interface hardware via the misappropriation of Equustek’s trade secrets and other intellectual property. A local court in British Columbia granted an initial injunction requiring Google to de-index certain web pages from its worldwide search results. Google voluntarily complied to remove specific webpages and URLs (uniform resource locations) from its “Google.ca” search results, but resisted the request to de-index their search results worldwide.

The decision is remarkable not only under Canadian jurisprudence but also appears to be the first time that the highest court of any jurisdiction has granted a global injunction of this kind. Understandably, the decision has generated a flurry of commentary not only from local practitioners in Canada but also from several other jurisdictions expressing concerns that the granting of a global injunction against a non-party could have far reaching and negative consequences, especially if the injunction reflects local political or censorship issues that could

infringe free speech rights, including First Amendment rights in the U.S. and similar protective legislation.

The Supreme Court decision in Canada was split (7-2) and the minority court questioned the majority decision not only as over-reaching in nature but also difficult or impossible to modify if there were changed circumstances. The minority court stated that “Courts should avoid granting injunctions that require such cumbersome court-supervised updating.”

There is some speculation that the decision may encourage international companies to purposely forum shop in choosing Canada as a basis for seeking a worldwide remedy where courts in other countries may well be reluctant to do so. In fact the extra-territorial scope of the Canadian Supreme Court decision is currently being challenged in the U.S. courts via a suit filed by Google in federal district court in California (*Google Inc. v. Equustek Solutions, Inc., U.S. District Court, Northern District of California, suit no. 5:17-cv-04207*). Google is asking the U.S. court to prevent the enforcement of the “unprecedented global injunction” granted by the Canadian court in the United States as contrary to their First Amendment rights and other U.S. protective legislation shielding non-parties from restrictive court injunctions.

It will be interesting to see if courts in other jurisdictions are willing to grant similar global injunctions in other cases. Perhaps the most likely forums will be those sharing a similar British law tradition with Canada such as Australia, the United Kingdom itself, and Hong Kong (where, indeed, a local court is currently being asked to consider similar issues).

-SB

Cayman Islands: NEW INTELLECTUAL PROPERTY LAWS IN EFFECT

The Cayman Islands Trade Marks Law, 2016, Design Rights Registration Law, 2016, and Patents and Trade Marks (Amendment) Law, 2016 were implemented on August 1, 2017. Our detailed discussion of the salient features of the new trademark and design laws can be viewed here [[December 2016](#)] and here [[September 2016](#)].

A significant next step for improving the intellectual property rights system in the Cayman Islands would be for the British Overseas Territory to become a member state of the Paris Convention, which is not provided for in the recently-implemented law.

[-KL](#)

China: BAD FAITH FILINGS - DOU SHAN AND BEYOND

Doosan Corporation and Doosan Infracore Co, Ltd. v. Beijing Jia He Xing Chan Lubricant Oil Co, Ltd., Supreme Court of the People's Republic of China (March 30, 2016).

The Chinese government has in recent years updated its intellectual property laws in an effort to target bad faith trademark filings. Amended trademark laws came into force in May 2014 that include, for example, a provision stating that trademark applications should be refused where the applicant was already aware of the existence of a prior unregistered trademark.

More recently, in January 2017, the Supreme Court of the People's Republic of China (the "Supreme People's Court") issued "Provisions on Several Issues Concerning the Hearing of Administrative Cases Involving the Granting and Affirmation of Trademark Rights" (the "Provisions"), which came into effect in March 2017. The Provisions specifically

address bad faith trademark applications and state that evidence proving that the applicant acted in bad faith is not limited to just facts present at the time the application was filed. Rather, courts may consider ancillary facts following the filing, including how the trademark is being used (*see* Provision 25 of the Provisions). Provision 25 also states that where a trademark with a strong reputation is involved, the court may presume that the application was filed in bad faith, unless the applicant proves that there was a proper cause for the filing.

A recent case before the Supreme Court, *Doosan Corporation and Doosan Infracore Co, Ltd. v. Beijing Jia He Xing Chan Lubricant Oil Co, Ltd.* ("Dou Shan"), provides a preview of a possibly more aggressive stance Chinese courts may take against bad faith trademark applications, in this case involving Article 10(1)(8) of the Trademark Law of the People's Republic of China ("Article 10(1)(8)"). Until recently, Article 10(1)(8) was considered a valid basis in an opposition only where the trademark at issue would be considered detrimental to socialist morality and customs or have "other negative effects," and only where the application would have a negative effect on political, economic, cultural, religious, ethnic, or other public interests or the public order (and not solely affect an individual party's interest). In *Dou Shan*, the Supreme People's Court apparently expanded this precedent and upheld a lower court's application of Article 10(1)(8) in reviewing an opposition proceeding, invalidating the subject applications where the applicant purportedly filed numerous trademark applications in bad faith.

A. Background

In 2008, *Doosan Corporation along with Doosan Infracore Co, Ltd.* (together, "*Doosan*") opposed applications by Beijing Jia He Xing Chan Lubricant Oil Co, Ltd. ("Jia He") for (i) DOOSAN and (ii) "斗山"

(DOOSAN in Chinese characters) covering, inter alia, “lubricating oil; lubricating grease; etc.” (the “subject applications”) before the Chinese Trademark Office (the “CTMO”). The oppositions were filed on the basis that the subject applications were confusingly similar to Doosan’s registrations for its 斗山 DOOSAN mark, and that the covered goods were similar to Doosan’s registrations for “milking machines; excavators; printing machines; road rollers; aircraft engines; etc.” The CTMO held in Doosan’s favor in July 2011, rejecting the subject applications based on the provisions of Article 10(1)(8), namely, that the subject applications caused “unhealthy influences.” Jia He filed reviews of the decisions before the Trademark Review and Adjudication Board (the “TRAB”) in September 2011, but was unsuccessful.

Jia He then appealed to the Beijing First Intermediate Court in 2013 and subsequently to the Beijing Higher Court in 2015, and lost in both instances. Jia He brought the cases to the Supreme People’s Court for retrial. In its March 2016 decision, the Supreme People’s Court rejected Jia He’s request for a retrial, finding that the Beijing Higher Court did not err in affirming the lower court’s decision.

B. The Supreme People’s Court Decision

The Supreme People’s Court held that the subject applications were contrary to Article 10(1)(8) because (i) Doosan’s trademarks had acquired a high degree of recognition with respect to the designated goods before the filing date of the subject applications; and (ii) Jia He had applied to register many trademarks for various Class 4 lubricant products that copied the names of well-known third-party automobile makes and models (e.g., the Chinese transliterations for “HONDA,” “PEUGEOT CITROEN & PSA,” “REGAL,” “ELANTRA,” and “SAGITAR”). As such, the lower court correctly held that the subject applications

violated the principle of honesty and good faith, seriously disrupted the order of the trademark registration regime, and was likely to have “unhealthy influences” under Article 10(1)(8).

C. Implications of the Decision

This decision could optimistically be viewed as a meaningful step by the Chinese courts to combat bad faith filings by extending Article 10(1)(8) to cover cases where the alleged bad faith applicant has filed numerous applications for well-known marks (and even where the application at issue only impacts the civil rights of a specific party). Indeed, about a year after the decision issued, in April 2017, Beijing’s IP Court held a press conference highlighting the efforts it is making to fight bad faith filings (although it did not specifically address the use of Article 10(1)(8) as a basis for challenges against mass filings for third-party well-known marks). In May 2017, the Beijing IP Court published examples of scenarios that typically constitute bad faith filings which include mass filing of trademarks without the intention of use. Other examples include applications for third-party well-known trademarks filed by an agent; the filing of a prior-used third-party trademark with reputation; and the unauthorized filing of a celebrity’s personal name. Given the Beijing IP Court’s focus on bad faith filings in recent months, Dou Shan appears to herald a period of increased court scrutiny of bad faith filings.

-MCS

China: ORAL HEARINGS BY “TRAB” NOW AVAILABLE

As of May 4, 2017, oral hearings in trademark review cases are available at the discretion of the Trademark Review and Adjudication Board (“TRAB”), pursuant to measures issued by the State Administration for Industry and Commerce of China.

The hearings are supplementary to the usual written submissions. The TRAB may decide to hold a hearing of its own accord or at the request of the parties. The deadline for filing the application for an oral hearing is thirty days after the applicant receives a copy of the opponent's defensive arguments, or at the same time that the opponent files defensive materials or supplemental evidence.

The oral hearings are intended to focus on the cross-examination of evidence and debate. Parties attending the hearing are given the opportunity to review the other side's evidence and make arguments regarding its authenticity, relevancy, legitimacy, and strength. They may also bring witnesses to the hearing with the TRAB's approval.

[-KL](#)

European Union: TEST FOR DISTINCTIVENESS OF THREE-DIMENSIONAL MARKS APPLIES TO FIGURATIVE MARKS FOR TWO-DIMENSIONAL REPRESENTATIONS OF PRODUCTS

August Storck KG v. European Union Intellectual Property Office (Case No. C-417/16P, May 4, 2017)

The Court of Justice of the European Union ("ECJ") recently issued a decision in which it confirmed that case law which was developed in relation to the distinctiveness of three-dimensional marks consisting of the appearance of the product itself also applies to figurative marks for the two-dimensional representation of a product. In a decision involving a trademark application for the packaging of a KNOPPERS chocolate bar, the ECJ agreed with the lower courts' earlier rulings that the packaging was devoid of distinctiveness and not eligible for trademark protection.

Procedural History: In August 2013, applicant August Storck KG ("Storck") filed with the EUIPO an application for

international registration designating the European Union for a figurative mark representing the shape of a white, grey, and blue square-shaped packaging for "confectionary, chocolate, chocolate products, pastries, ice-creams, preparations for making the aforementioned product included in this class" in Class 30 and depicted as follows:



The EU Examiner issued a total provisional refusal asserting that the mark lacked distinctive character. Specifically, the Examiner asserted that the features of the shape of the applied-for mark were not distinctive because it depicted a package for a chocolate or candy bar which is typical of the packaging for the goods in question. The Examiner further asserted that the use of colors and the curved line on the packaging were simply decorative elements commonly used for the applied-for goods. The Examination Division subsequently upheld the total refusal of protection.

In March 2014, Storck filed a notice of appeal of that decision. The Board of Appeal dismissed the appeal and concluded that the mark was not distinctive. It upheld the Examination Division's finding that the level of attention paid by the average consumer to the appearance of the goods is not high since the applied-for goods are consumed on a regular basis and are inexpensive. The Board also agreed that the applied-for mark consists of a combination of features that are typical of the packaging for the goods and that the colors/patterns of the packaging would not instantly endow the mark with distinctive character. Notably, the Board of Appeal asserted that the

Examination Division correctly pointed out that *“as regards three-dimensional marks, the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of that shape being devoid of any distinctive character.”* The Board therefore concluded that the mark was not sufficiently distinguishable from other shapes present on the market for it to be regarded as having the minimum distinctive character required to be eligible for trademark protection.

Storck subsequently brought an action in the General Court of the European Union seeking annulment of the appellate decision. Storck raised six claims, one of which was that the Board of Appeal misjudged the level of distinctiveness required by wrongly applying the criteria for three-dimensional marks. The General Court held that the Board rightly referred to that criteria and asserted that the ECJ case law relating to three-dimensional marks consisting of the appearance of the goods themselves also applies to a figurative mark consisting of a two-dimensional representation of the goods. Storck appealed the General Court Decision to the ECJ on two grounds, the first of which was that the General Court also erred in applying the stricter requirements set for three-dimensional marks.

The ECJ Decision: As an initial matter, the ECJ noted that it has consistently held that the distinctive character of a mark must be assessed by (1) reference to the goods or services for which registration is sought, and (2) reference to the perception of the relevant public, and that the criteria for assessing three-dimensional marks that consist of the shape of the products themselves are no different from the criteria for other categories of trademarks. That said, the ECJ further noted that when actually applying these criteria, the perception of the relevant public is not

always the same for three-dimensional marks for the appearance of a product as it is for a word/figurative mark for a sign that is independent of the appearance of the products it designates. The ECJ stated that it has held that it could be more difficult to prove distinctiveness for a three-dimensional mark than for a word or figurative mark because average consumers will not necessarily make an assumption about the origin of a product on the basis of the shape of the product or its packaging without a word or graphic element. For this reason and in those circumstances *“only a mark which departs significantly from the standard of customs of the sector and thereby fulfil[s] its essential function of indicating origin is not devoid of any distinctive character.”* The ECJ agreed that this case law regarding the question of distinctiveness of three-dimensional marks also applied to the question of the distinctiveness of the two-dimensional packaging of KNOPPERS. The ECJ held that *“where a three-dimensional mark incorporates a figurative element not consisting of a sign which is independent of the appearance of the products, but constitutes, in the mind of the consumer, only a decorative configuration, that mark cannot be assessed under the criteria for word and figurative marks which consist of a sign independent of the appearance of the products which they designate...[s]uch considerations are clearly transposable to two-dimensional marks that have a figurative element.”*

The mark at issue consists simply of a figurative mark representing the shape of a square packaging with white and grey edges and with white and blue meant to represent a snow covered mountain against a blue sky. The ECJ held that the General Court was entitled to its conclusion that the colors and images on the packaging were not enough to confer distinctive character and instead were likely to be seen as mere decorative patterns and not as indications

of origin. In doing so the ECJ noted the General Court's considerations that the different colors are commonplace and will be seen by the consumer as being only aesthetic; that the graphic element representing a snow covered mountain and blue sky would not be obvious to the consumer; that the pattern and blue sky frequently appear on packaging for the applied-for goods; and that white brings to mind milk, an ingredient commonly used in chocolates and ice creams and often represented on the packaging of chocolates.

This decision is notable because it confirms that the challenges of registering three-dimensional elements as EU trademarks extend to figurative marks for the two-dimensional representation of a product or product packaging.

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European Union: MAKING AVAILABLE AND MANAGING ONLINE SHARING PLATFORM IS "COMMUNICATION TO THE PUBLIC"

Stichting Brein v. Ziggo BV, XS4ALL Internet BV, Case C-610/15, Judgment of 14 June 2017 (Court of Justice of the European Union)

In June 2017, the Court of Justice of the European Union handed down a major decision ordering certain Dutch Internet access providers to block access to the well-known file-sharing platform The Pirate Bay.

The Pirate Bay is notorious for facilitating the unauthorized distribution of copyrighted works, although The Pirate Bay's website does not host the works themselves. Visitors to The Pirate Bay use the BitTorrent communications protocol to break down into segments and distribute among themselves data and electronic files over the Internet, including large digital video and audio files. BitTorrent operates by dividing files into segments, doing away

with the need for a central server and easing the burden on individual servers in the file-sharing process. To utilize the BitTorrent protocol and to create shareable "torrent" files, users must download independent software called "BitTorrent Client." Once created, torrent files may be uploaded to an online sharing platform such as The Pirate Bay, which indexes the files so that they can be more easily located by and shared with other users ("peers") for download. No protected works are actually stored on The Pirate Bay website, but the website provides a system in which metadata regarding protected works are present on users' computers, and are indexed, categorized, and made searchable for users by The Pirate Bay.

Importantly, many of the torrent files available on The Pirate Bay's platform correspond to copyright-protected works, and many of these works are without rightholder consent for distribution via this channel.

The plaintiff in this case, Stichting BREIN, is a Dutch anti-piracy foundation that seeks to protect the interests of copyright holders. The defendants, Ziggo BV and XS4All, are internet access providers. Stichting BREIN brought suit in the Netherlands seeking an order requiring the defendants to block the domain names and IP addresses of The Pirate Bay. The Supreme Court of the Netherlands sought direction from the Court of Justice of the European Union as to whether the actions of The Pirate Bay amount to a "communication to the public" within the meaning of the relevant EU copyright law (Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, hereinafter the "Copyright Directive").

In considering the case, the Court of Justice observed that, under the Copyright Directive, it is authors' exclusive right to

“authorize or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.” The purpose of the Copyright Directive is, in part, to “harmonise...the author’s right of communication to the public.”

The Court of Justice noted that whether there is a “communication to the public” under the Copyright Directive rests on two points, namely, whether there is (i) an “act of communication” of a work; and (ii) a communication of that work to a “public.” In evaluating whether there has been a “communication to the public,” the Court held as axiomatic “any act by which a user, with full knowledge of the relevant facts, provides its clients with access to protected works is liable to constitute an ‘act of communication’” under the Copyright Directive.

Critically for this case, the Court acknowledged that the operators of The Pirate Bay platform “play an essential role in making the works available” to their website’s users. The operators of The Pirate Bay index the torrent files, enabling them to be more easily found and downloaded. In addition to offering a search engine, The Pirate Bay categorizes the works based on genre, popularity, and type of work. The Pirate Bay also manages the content available on its platform, deleting faulty torrent files and actively screening certain content. Given these activities, The Pirate Bay knew that protected works were being communicated by its users, to its users, and its active facilitation of this activity therefore also amounted to an “act of communication” under the law.

This decision is a welcome boost to the position of rightholders as they continue to battle infringement on the Internet. As for

Internet access providers who do not have knowledge, or reason to know, of their users’ illicit activities, they may continue to avail themselves of relevant safe harbor provisions under EU law.

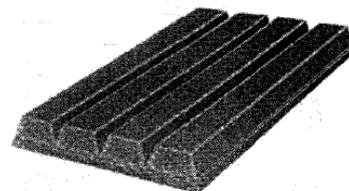
-KLD

European Union: ACQUIRED DISTINCTIVENESS MUST BE SHOWN THROUGHOUT ALL EU MEMBER STATES

Mondelez UK Holdings & Services Ltd v. EUIPO (Judgment of the General Court Fifth Chamber, 15 December 2016, Case T-112/13)

Applying Article 7(3) of Regulation No. 207/2009, the European Union General Court (EUGC) invalidated an EU trademark registration because the registrant had not demonstrated that the mark had a distinctive character throughout the EU.

Background: In 2006, Société des produits Nestlé SA (Nestlé) obtained an EU registration for the following three-dimensional mark for “Sweets; bakery products, pastries, biscuits; cakes, waffles” in Class 30 (“the Mark”):



On March 23, 2007, Cadbury Schweppes plc, now Mondelez UK Holdings & Services Ltd (“Cadbury”) applied to invalidate the Mark with respect to all goods covered, on the basis of Article 7(1)(b), (c),(d), and (e)(ii) of Regulation No 207/2009. On January 11, 2011, the Cancellation Division declared the Mark invalid. Nestlé appealed this decision, and on December 11, 2012, the Second Board of Appeal of EUIPO (the “Board”) ruled in Nestlé’s favor and annulled the Cancellation Division’s decision. In its decision, the Board found that (a) the Cancellation Division was

entitled to conclude that the Mark was devoid of distinctive character; (b) but that Nestlé had shown that the Mark had acquired distinctiveness through use; and (c) that the Mark was not precluded from protection under Article 7(1)(e)(ii), as it did not consist exclusively of the shape of the product. Cadbury appealed to the EUGC, seeking annulment of the Board's decision, except with respect to the finding that the Mark is devoid of inherent distinctive character. The EUGC issued its decision on December 15, 2016.

Decision:

1) The EUGC first assessed Cadbury's claim that the Mark was not used for all the goods for which it was registered (Nestlé had submitted evidence of the Mark in use in the form of its iconic KIT KAT bar) and concluded that the Board erred in finding that it had, since the KIT KAT bar did not fall in the category of "bakery products, pastries, cakes, and waffles."

2) The EUGC then considered Cadbury's claim that the Board failed to consider whether the Mark had been used in the form registered. Cadbury argued that any distinctive character in the KIT KAT bar came from the word mark KIT KAT, and not the Mark in question. The EUGC dismissed this claim, confirming that the fact that the shape of a product has always been used with a word element does not mean that the shape of the product cannot be perceived as an indication of commercial origin.

3) The EUGC then dismissed Cadbury's challenge to the form of Nestlé's survey evidence.

4) Finally, the EUGC reviewed Cadbury's contention that the Board did not correctly assess the territorial scope of the acquired distinctiveness evidence submitted by Nestlé as required by Article 7(3) of Regulation No 207/2009, which reads:

Article 7

1. The following shall not be registered:

- (a) signs which do not conform to the requirements of Article 4;
 - (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;
- ...
3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

First, the EUGC confirmed that when applying Article 7(3), the acquired distinctiveness of a mark should be established prior to the application filing date; however, if the evidence shows acquired distinctiveness through use after registration, then an EUTM need not be declared invalid. Accordingly, the relevant time period in the subject action was whether the Mark had acquired distinctiveness through use either (a) prior to its filing date, or (b) between the date of its registration and the date Cadbury filed the invalidation action.

Second, the EUGC explained that Article 7(3), which provides for registration upon acquired distinctiveness, must be read in light of Article 7(1)'s requirement that a mark not be devoid of distinctive character in part of the EU, including even a single member state. Accordingly "in order to be accepted for registration, a sign must have distinctive character, whether inherent or acquired through use, throughout the European Union" (¶ 120, citing judgment of

17 May 2011, *Diagnostiko kai Therapeftiko Kentro Athinon 'Ygeia' v OHIM(υγεία)* T-710, not published, EU: T:2011:21, ¶ 41).

Relying on prior case law, the EUGC declared that in the case of non-word marks such as the three-dimensional Mark at issue, it is appropriate to assume the assessment of whether the mark is inherently distinctive will be the same throughout the EU, absent concrete evidence to the contrary. Thus, in order to be registrable under Article 7(3), the Mark must have acquired distinctiveness through its use throughout the EU, which must be sufficiently shown through quantitative terms. The EUGC then examined the specific evidence submitted by Nestlé and relied upon by the Board to determine whether Nestlé had met this burden. It noted that Nestlé only had to show use throughout the EU in the fifteen member states that existed at the time the Mark was filed, but cautioned that if the evidence submitted did not cover any part of the EU – even if not substantial or consisting of only one member state – Nestlé would not have met the Registrability requirement.

The Board had found that it was sufficient for Nestlé to show that the Mark had acquired distinctiveness among a substantial portion of the public in the EU, merging all the member states together. However the EUGC disagreed with this approach, and found that although Nestlé had established acquired distinctiveness through use of the Mark in Austria, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden, and the U.K., whose populations represented almost 90% of the population of the EU, this was not enough as it had not proven such acquired distinctiveness in Belgium, Ireland, Greece, and Portugal, which were also EU member states during the relevant time period. Accordingly, the EUGC nullified the Board's decision and invalidated Nestlé's registration for the Mark.

This ruling imposes a significant burden on trademark applicants who rely on acquired distinctiveness to obtain protection for their marks in the EU, particularly when such marks are three-dimensional shapes, and will likely require costly evidence collection to meet the high threshold of showing use in every member state where the mark is considered inherently non-distinctive.

The UK Court of Appeal recently also held that Nestlé's three-dimensional shape for its four-fingered chocolate-coated KIT KAT wafer bar was unregistrable. Our detailed discussion of that decision can also be found in this [Newsletter](#).

[-CCW](#)

India: GUIDELINES FOR FILING WELL-KNOWN MARK REQUESTS

We previously reported the March 6, 2017 implementation of new trademark rules in India [here](#), which included the creation of a well-known marks list. The Office of the Controller General of Patents, Designs and Trademarks has now issued guidelines for filing such requests, accessible [here](#). The key guidelines are:

- Applications for a well-known mark declaration are to be filed via the Registry's electronic portal.
- Applicants should submit the following documents:
 - o A "Statement of Case" highlighting the applicant's rights in the mark and describing the claim of well-known character;
 - o Supporting evidence as to use of the mark, national / international applications filed or registrations obtained, annual sales/ turnover of the applicant's business connected with the mark, actual or potential customers of goods/ services under the mark, extent of publicity and advertisement of the mark along with

expenditure incurred, public knowledge or recognition of the mark in the relevant section of the public in India and elsewhere;

- o Details of successful enforcement of the applicant's rights, if any, related to the mark;
- o Copies of any judgment by any court in India or by the Registrar of Trademarks finding that the mark is "well-known."
- In the event that the Trademark Office determines, on review of the submissions, that the mark should be included in the Registry's well-known marks list, the mark will be published for third-party objection. Such objections are due within thirty days of publication. Any objections raised will be communicated to the applicant for comments. Thereafter, the Trademarks Office will adjudicate the matter and communicate its final decision to the parties concerned.
- If the Trademarks Office determines that the mark is "well known," a notification will be placed in the Trade Marks Journal and the mark will be included in the well-known marks list accessible at the Registry's website.

-KL

Russian Federation: THE TRISOLEN CASE – A LESSON IN ENFORCEMENT AGAINST TRADEMARK INFRINGEMENT

No. 301-АД 17-4305

On May 15, 2017, the Supreme Court (highest court) of the Russian Federation upheld a decision of the Russian IP court (No. A43-10065/2016) which, at first glance, appears to undermine a trademark owner's ability to enforce its marks against unauthorized third-party uses.

The case concerns a Customs seizure of goods imported into the Russian Federation bearing the TRISOLEN mark. The goods were manufactured and sold by Leuna Eurokkomerz GmbH, a German company that owned the mark in Germany. A Russian company, MVT Trade LLC ("MVT"), that owns a Russian Federation registration for ТРИЗОЛЕН (TRIZOLEN in Cyrillic), objected to such import on the ground that TRISOLEN was confusingly similar to its ТРИЗОЛЕН mark. MVT succeeded in the first instance and appellate courts.

In a decision issued on February 9, 2017, however, the IP Court reversed, holding that the importation of goods into Russia bearing a trademark duly registered in the manufacturer's country of origin could not constitute trademark infringement in Russia. While this decision, on its face, seems to immunize such importation against infringement of a prior trademark registered in the Russian Federation, it must be noted that the case involved a customs seizure and was brought under the Code of Administrative Offenses ("COAO"). The IP Court, based on a 2009 ruling of the Supreme Arbitrazh Court, found that the relevant Art. 14.10 of the COAO (governing trademark offenses) was not applicable to cases where imported goods bear a trademark duly registered by the manufacturer in the country of origin. While one could question the reasoning of this case, it has so far been upheld by the higher courts.

In a different parallel civil trademark infringement case, MVT prevailed before the IP Court (No. A43-26595-2015), a case that the Supreme Court refused to hear, making the IP Court decision final. The lesson to be learned, at least for now, is that in similar cases, trademark owners may be better off enforcing their marks through civil lawsuits rather than Customs/COAO procedures.

-JLH

South Sudan: RESERVATION OF TRADE MARK

South Sudan, established in July 2011 after a referendum approving independence from Sudan, has not been accepting trademark applications due to the lack of a trademark law. However, the Ministry of Justice in South Sudan has confirmed that trademarks may be reserved pending the passage of a trade mark law. Applications to reserve trademarks will not be processed until a trademark law is enacted, but filing a reservation will secure priority over others filed when the law comes into effect.

[-KL](#)

Thailand: ACCESSION TO MADRID PROTOCOL

Thailand acceded to the Madrid Protocol on August 7, 2017. The Protocol will enter into force with respect to Thailand on November 7, 2017. Thailand will be the 99th member of the Madrid System. See more at [WIPO](#).

[-KL](#)

Turkey: UNREGISTERED DESIGN NOW PROTECTED

Under Turkey's new Industrial Property Law No. 6769, an unregistered design is protected for three years in the event that it is first presented to the public in Turkey. The owner may enforce its rights in the unregistered design against third parties who, without the owner's consent, produce, put on the market, sell, offer, import, or put to commercial use or keep in stock for such purposes the product in which the identical or a similar design is incorporated or to which it is applied.

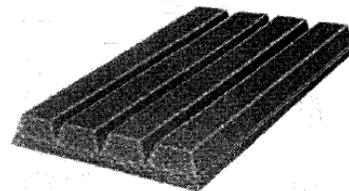
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United Kingdom: STANDARD FOR ACQUIRED DISTINCTIVENESS FOR THREE-DIMENSIONAL SHAPES CLARIFIED

*Société des Produits Nestlé SA v Cadbury UK Ltd** ([2017] EWCA Civ 358; 17.05.17)

The UK Court of Appeal recently dismissed Société des produits Nestlé SA's (Nestlé) appeal of a High Court decision that its three-dimensional trademark had not acquired distinctive character and could therefore not be registered in the UK.

Procedural History. In July 2010, Nestlé applied to register the following three-dimensional shape for its four-fingered chocolate-coated KIT KAT wafer bar as a trademark in the UK covering, *inter alia*, "chocolate products; bakery goods; pastries; biscuits; biscuits having chocolate coating; chocolate coated wafer biscuits; cakes; cookies; wafers" and related goods in Class 30:



Nestlé's competitor, Cadbury UK Ltd ("Cadbury") opposed Nestlé's UK application based, *inter alia*, on the argument that the shape lacks distinctiveness and that it consists exclusively of the shape that results from the nature of the goods themselves. The UK Intellectual Property Office examiner found that the mark lacked inherent distinctive character, and that it had not acquired such character through use. Nestlé appealed this decision to the High Court of Justice of England & Wales, Chancery Division, Intellectual Property (UK), arguing against the examiner's findings and also asserting that the mark had acquired distinctive character through its use. The High Court of Justice referred the case to the European Court of Justice to

clarify a number of questions, including the standard for establishing acquired distinctiveness. As reported in our [September 2015 Newsletter](#), the Advocate General of the European Court of Justice noted that case law made clear that it is insufficient to show that a relevant consumer recognizes the trademark and associates it with the applicant's goods. Rather, the applicant must show that the relevant consumer believes the trademark indicates the "exclusive origin of goods concerned, without any possibility of confusion" (paragraph 38, citing Philips (C 299/99, EU:C:2002:377, ¶ 30). The Court of Justice of the European Union then took up the case and clarified that the standard required to show acquired distinctiveness is whether, as a consequence of use (and regardless of whether the sign is used alone or as part of another registered trade mark) "the relevant class of persons perceives the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company." ¶ 67. Further details of that decision are reported in our [December 2015 Newsletter](#). The UK High Court then applied the ECJ's ruling to the facts of the case and dismissed Nestlé's appeal. Nestlé further appealed to the UK Court of Appeal.

Subject Decision: The UK Court of Appeal unanimously dismissed Nestlé's appeal, finding, *inter alia*, that the hearing examiner and High Court judge had not applied an incorrect standard to determine acquired distinctiveness nor reached an incorrect conclusion. Lord Justice Kitchin clarified that the standard for establishing acquired distinctiveness is whether "the applicant has proved that a significant proportion of the relevant class of persons receive the goods or services designated exclusively by the mark applied for, as opposed to any other mark, which might also be present, as originating from a particular undertaking. In

short, the mark itself must be seen as a badge of origin" ¶ 80. He further noted that three dimensional shapes like the chocolate wafer bar shape have no inherent distinctiveness, such that members of the public may not view the shape as a badge of origin in the same way that they would a coined word. The fact that the shape may have become well-known did not necessarily mean that the public had come to perceive the shape as a badge of origin; instead, they may simply see the shape as a characteristic of chocolate products or that it brings to mind a familiar product and brand name, and this type of recognition and association alone do not amount to distinctiveness for trademark purposes. Lord Justice Floyd agreed with the decision, noting that a helpful test to determine acquired distinctiveness was to imagine a basket of unwrapped and unmarked chocolate bars in the shape of the applied-for mark. To meet the standard of acquired distinctiveness, a shop or supermarket consumer must perceive the products as originating from the manufacturer of KIT KAT bars, and not from others, and an observation that they look like KIT KAT bars is not enough. Sir Geoffrey Voss, Chancellor of the High Court, agreed with the judgments.

This is not Nestlé's first setback in trying to protect its chocolate wafer bar shape as a trademark. Our [March 2015 Newsletter](#) reported a decision by the Singapore High Court revoking Nestlé's registrations for its two-finger and four-finger chocolate wafer bar shapes because it found that the shapes consisted of elements that were functional. Additionally, as reported in the same issue of this [Newsletter](#), the European Union General Court invalidated an EU trademark registration for the chocolate wafer bar because Nestlé had not demonstrated that the mark had a distinctive character throughout the EU.

-CCW

Uzbekistan: AMENDMENTS TO IP AND UNFAIR COMPETITION LAWS

On April 18, 2017 The Parliament of the Republic of Uzbekistan issued amendments to the Law on Trademarks and Appellations of Origin and the Law on Competition. These changes became effective on April 19, 2017. The more significant changes are:

- Introduction of exhaustion of rights (though it is not clear whether this is international or national; decisions and administrative positions are mixed);
- Changing the non-use cancellation period to the five years prior to the bringing of the action, rather than (as previously) any five-year period since registration;
- Ability to prove use broadened to include, inter alia, use in advertisements, printed matter, business documentation, product packaging, exhibitions and trade shows and domain names; and
- Addition of a definition of “counterfeit products” to mean “goods, labels, or packaging on which a trademark or a confusingly similar mark is used illegally.”

Further, the prohibitions of the Unfair Competition Law were expanded to confusingly similar marks (not just identical marks).

-JLH

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