Feature
By **Trevor Little**

Talking Point: industry developments 2012-2013

***WTR* asked a range of trademark professionals, industry representatives and legal specialists to highlight the issues that they felt were most significant in 2012, either in their own jurisdiction or internationally, and what they anticipate will be major developments in 2013**

Gloria Q Wu, partner at Kangxin Partners PC
The third amendment to the Trademark Law, one of the most frequently discussed trademark topics in China, is still under review and revision by the State Council, based on the draft submitted by the Chinese Trademark Office. The amendment deals with how to stop bad-faith registrations effectively and protect brand owners' interests. It also sets out provisions on issues such as multi-class applications, longer periods for deadlines, more non-traditional types of trademark and statutory damages for trademark infringement – which are expected to be included in the amended law. Once the amendment comes into force, it may bring various changes to trademark attorneys' practices, as well as the strategies of applicants and other involved parties.

Customs enforcement, an increasingly popular way of fighting counterfeits, also attracts questions, such as whether goods manufactured in China but only exported to other countries infringe trademarks registered in China. Currently, courts in different cities hold different opinions on the issue, and we are waiting for the Supreme Court to issue a judicial interpretation to provide a definite answer.

We also observe the apparently heavier burden of proof required to establish prior copyright against trademarks in oppositions or dispute cancellations. If a copyrighted logo has been used in public in a foreign country but not in China, is this enough to stop others from copying the identical logo as a trademark in China? The threshold of possibility of access and whether restricted accessibility is acceptable is still unclear.

Looking ahead, I hope that the amended Trademark Law will help to improve the efficiency and effectiveness of trademark protection in China, which still has a long way to go.

Gregg Marrazzo, 2012 president and chair of the board of the International Trademark Association (INTA) and senior vice president and deputy general counsel at The Estée Lauder Companies
The trademark community has many developments to be proud of in 2012. Most notably, in Latin America, the accession of Colombia and Mexico to the Madrid Protocol has prompted fresh discussion on the harmonised trademark registration system in the region. Brazil, Costa Rica and the Dominican Republic are now taking steps to follow suit.

New challenges have also come to the fore – challenges that we will continue to face in 2013. Scepticism about the value of intellectual property, fuelled by misperceptions, particularly concerning the user experience on the Internet, has spurred public policy debates in Europe and the United States. This played a significant role in the European Parliament's rejection of the Anti-counterfeiting Trade Agreement (ACTA). Dispelling negative perceptions is one way in which the trademark community can advance progressive policies such as ACTA. The growth of the Internet and the explosion of social media pose challenges for rights holders, but also provide the trademark community with new platforms through which to engage and educate the public and government officials about the value of trademarks.

One key issue is the fight against counterfeit products; in this regard, an exciting development during 2012 was the launch of INTA's Unreal Campaign, a consumer awareness initiative aimed at teenagers. The programme is designed to demonstrate the benefits of trademarks and the serious harm posed by counterfeit goods. In 2013, in partnership with Street Law, INTA volunteers will head into classrooms to bring this message to students, starting in the United States and eventually expanding internationally.

Later this year, the International Corporation for Assigned Names and Numbers (ICANN) will introduce new 'generic' domain name registries, beginning with top-level domains in non-Latin-based scripts – or internationalised domain names – a first for the Internet. This ongoing process, coupled with millions more internet users joining the debate online, should have a significant impact on the trademark industry. The trademark community must embrace this reality and work closely with ICANN, national governments and other constituencies to reinforce the understanding that the protection of IP rights can coexist with a safe and free Internet, and is essential to building consumer trust online. INTA will remain actively involved in this process, providing comments and recommendations on behalf of the trademark community.

Looking at the year ahead, we need to step up engagement with the public both online and offline, with more discussions about intellectual property, especially with regard to the intersection of IP rights and the Internet. These discussions affect our industry today – from what substantive areas need to be considered before we give advice or offer protection for brands to the development of trademark policy both within and between governments. INTA views meaningful public engagement as integral to the advancement of trademarks and we will continue to lead the discussion in 2013.

Ranjan Narula, managing partner at Ranjan Narula Associates
India's IP market is thriving and 2012 witnessed a number of significant developments which will shape brand owners' IP strategies throughout 2013. First, the Indian government finally announced that it is relaxing norms for single-brand retail investment and formulating a policy for the entry of multi-brand supermarket chains. This led to a flurry of activity as key players reviewed their IP portfolios, which once again shone a spotlight on the Indian Trademark Registry and the backlog faced by IP owners in obtaining registrations. In addition, the policy guideline that made it mandatory for companies investing in single-brand retail to source 30% of production locally had brand owners look carefully at licensing laws.

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Tove Graulund
Graulund IP Services and MARQUES representative

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The Delhi High Court's judgment on parallel imports, advocating the national exhaustion doctrine, was also the subject of intense debate. The courts and Customs took different views on the issue, although the controversy seems to have been resolved by the Division Bench holding that 'international exhaustion', not 'national exhaustion', is the correct law as per the Trademarks Act. Brand owners seem unhappy with the result, as it means that the traders will continue to indulge in bargain hunting branded products in the Asian and Middle East markets and importing their purchases to India without fear of them being seized by Customs as unauthorised imports.

Finally, the debate as to what should be the test for the comparison of marks in the pharmaceutical trade was once again revived, with a single judge of the Delhi High Court holding in *Cadila HealthcareLtd v Aureate Healthcare* that marks should be compared as a whole. The suffix or prefix portion of the mark that may have been derived from a chemical compound or ingredient in the drug should not be ignored when comparing marks.

Several of these issues will be debated in the courts in 2013 and their impact will be considered by policy makers and brand owners.

Tove Graulund, principal of Graulund IP Services and MARQUES representative

Last year I reported on the entry into force of the Statement of Grant of Protection for Madrid designations. All national offices were obliged from 2011 to issue either a statement of grant or an irregularity notice at the end of the examination. However, as of the date of writing, 16 countries have still not met this obligation. Time will help, I am sure, but it is clear that users are finding the new facility helpful and are keen to see the last offices fall into line.

This has also been a record year for the Madrid system, as before the end of 2012 three new countries – Colombia, the Philippines and New Zealand – will have joined. Similarly, 2013 looks promising as Mexico is expected to join, which could lead to more South American countries taking steps to ratify as well. However, translations are causing delays because all information that goes on the ROMARIN database must be translated into three languages. This is a big job and it is somewhat disappointing that the World Intellectual Property Organisation (WIPO) still receives only 2% of applications in Spanish because the South American countries have not yet joined. These delays are concerning for users and one would hope that the benefit of taking on a third language will be realised in 2013. Local industries are certainly pushing hard for these countries to become members.

Another big issue, which I hope might be resolved in 2013, is the African countries – Botswana, Lesotho, Liberia, Namibia, Sierra Leone, Sudan, Swaziland and Zambia – that have not yet implemented the Madrid system into their laws. It is essential that countries live up to the natural expectations of users that when they pay the fee, they will receive a right that can be enforced around the world. I must admit that this is not so much a prediction as a heartfelt hope.

This time last year, I said that we could expect the European Commission's package of proposals for 'updating' the EU Community Trademark Directive and Regulation. However, we are still waiting. The package needs to deal with the long-term funding of the Office for Harmonisation in the Internal Market (OHIM) and distributions of funds to the national offices, which might be holding up the launch. But reform is long overdue, and we must hope that it comes soon.

So there are big things in store for 2013 for the European trademark systems. Some are certainties: the go-live in November 2012 of eight of the tools developed by the OHIM Cooperation Fund (which makes 11 launched projects, together with TMView, EuroClass and the seniority databases). I believe that the tools will offer great improvements for users and offices.

However, having paid individual visits to a large number of firms and companies, there is one concern that keeps cropping up: classification. There is a trend among offices to think almost only in approved terms, and some examiners seem to be restrained from being flexible and not trained to think out of the approved-terms box. OHIM and WIPO are attempting to bring down translation times by creating tools that promote use of approved terms and translations, which is clearly commendable. However, this should not become a straitjacket and reduce examiners' free thinking when an entirely new product presents itself. The hope is that industry will continue to develop new products, and a quick update of approved terms should be combined with more flexibility on the part of examiners.

David Weild, partner at Edwards Wildman

The US business environment remained depressed and distracted during 2012, a continuation of the same desultory conditions as prevailed in 2011. Observable sparks of activity which possibly signalled increasing commerce – such as the number of US trademark filings surpassing 2008 levels – proved to be insignificant anomalies. Now that the 2012 presidential and congressional elections are over – with no change in make-up – it is reasonable to expect a continuation of the prevailing policies, business conditions and uncertainties that seem to have stunted entrepreneurial growth and innovation and discouraged commercial initiative.

By far the most interesting trademark-based litigation of the year has been *Nike Inc v Already* (LLC d/b/a YUMS). Against all odds, it was argued at the US Supreme Court on November 7. The question, simply put, was whether a plaintiff could unilaterally grant a defendant a covenant not to sue or move for dismissal, and thereby avoid the defendant's counterclaims for invalidation of the asserted IP right. The plaintiff's rationale is that there is no longer a case or controversy – the *sine qua non* of federal court jurisdiction – and hence the court must lose the power to decide the counterclaim. Both the district court and the circuit court of appeals found for the plaintiff. However, the defendant petitioned the Supreme Court, which granted *certiorari*. The outcome could materially alter rights holders' approach to litigation. If decided in favour of the defendant, the result will be greater circumspection in targeting alleged infringers because future plaintiffs will have to be prepared to defend the validity of any asserted IP right.

In a unique development on the procurement side, the US Patent and Trademark Office implicitly recognised the role that suggestions of national origin, sponsorship or affiliation can play in the desirability and selection of trademarks. It issued a 22-page Examination Guide for handling marks containing the coat of arms or flag of the Swiss Confederation, popular among US trademark owners and merchants as suggesting quality, reliability and suitability. As increasingly the product design function is separated from manufacturing and sourcing functions, tensions have developed between suggestions of source location, ethnic associations and tradition on the one hand, and actual place of manufacture on the other. Other national emblems of nations with reputations for particular products (eg, wine, furs or jewellery) may well be extended similar enhanced protection, particularly if they lobby the US government for it.

Cynthia Rowden, partner at Bereskin & Parr LLP

The Canadian Trademark Office has aligned itself with those of other countries by now accepting sound mark applications. Apart from ongoing work on specifications of goods or services, there have been no other major administrative changes to trademark practice in 2012. However, there are ongoing rumours that Canada is moving closer to accession to the Madrid Protocol, which would bring about more changes to registration and opposition practice, expected to generate discussion and debate next year.

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the famous MARLBORO mark, registered in Canada by a different company from the owner in the United States and elsewhere. There have been disputes over the years between Marlboro Canada Limited and its affiliated company Imperial Tobacco Canada Limited on the one hand, and Philip Morris Products SA on the other. The latest round came from Philip Morris' introduction of 'no name' package designs that resembled the famous MARLBORO brand sold in the United States, challenged by Marlboro Canada/ Imperial Tobacco on grounds including infringement of the MARLBORO mark. The issue was whether the MARLBORO mark could be infringed if it did not even appear on the package. Overturning the trial decision, the Federal Court of Appeal found there was infringement, noting that a "purposive and contextual" interpretation of the Trademarks Act is broad enough to encompass looking at confusion from many factors, intimating that confusion could be found from the "ideas suggested" and other surrounding circumstances, and that the absence of a name on the product encouraged consumer confusion. Leave has been sought to appeal to the Supreme Court of Canada.

Another issue that regularly plagues trademark applicants is whether internet advertising is 'use' in Canada. A liberal interpretation was made in 2011 in *TSA Stores v Registrar of Trade-marks*, where the Federal Court, in a non-use challenge, found that internet access to product information by Canadians was use of a mark for retail store services, despite the presence of stores in or evidence of sales to Canada. The decision surprised many. In 2012 the Opposition Board again looked an internet businesses in *Lapointe Rosenstein LLP v West Seal Inc*, and found that use for "wares" required that the trademark owner itself, or through an agent/licensee, must ship goods to Canada. Indirect shipping via an agent selected by the Canadian customer would not suffice. Use for services would require more interactivity between the store and Canadian customers than merely offering a store locator.

Looking ahead, no doubt there will be amendments to the Trademarks Act. Both internal and external pressure, via trade negotiations, is motivating these changes and the government has let it be known in meetings with industry groups that it intends to introduce amendments to simplify and streamline opposition proceedings and to prepare the act and the Trademark Office for Madrid Protocol filings and compliance with the Singapore Treaty. Given that Canada does not even use the classification system, there are many changes to be made. Up for discussion could be Canada's use requirements, timing of oppositions, simplification of wares/services choices and current renewal terms.

An interesting decision to look out for in 2013 relates to the protection of pill shapes – a much contested issue in Canadian trademark practice. Pfizer's distinctive blue VIAGRA pill is the subject of an application that has been opposed. The decision – if and when it is released – should provide helpful guidance on the limits of shape/colour registrations in Canada.

Finally, the slow recovery of the economy will continue to force trademark owners and their advisers to seek efficient, cost-effective ways to protect intellectual property. While that may mean that new brand developments slow down, many companies will continue to dig in to protect their most valuable marks.

Alessandro Mannini and Simone Verducci, Bugnion SpA

As predicted last year, one of the most significant developments in the Italian trademark landscape in 2012 was the initiative launched by central and legal government authorities to fund investments by small and medium-sized enterprises for the international expansion of their portfolios (under the initiative, between 80% and 90% of official fees are recoverable). These incentives have provided crucial support for otherwise poor investments towards securing trademark protection abroad and investments on brand expansion by Italian companies.

The other interesting event has been the Patent and Trademark Office's first decision on trademark opposition proceedings. On a positive note, a decision on Opposition 7/11 was issued just 13 months after the opposition deadline (September 26 2011). Its format and juridical approach resemble those of OHIM decisions, a fact that is clearly appreciated by the trademark community. Unfortunately, the trademarks in question were very similar (BLUMARINE/BLUEMARE) and for the same goods, so the finding of likelihood of confusion was not a surprise and the issues discussed were elementary.

Generally speaking, the working of the opposition system may, after the first year of operation, be considered to be well tested. In particular, practical issues such as communications between the office and the parties and extension of terms are now governed by well-established practice.

Looking ahead, and beyond Italian borders, the impact of the *IP TRANSLATOR* decision is likely to affect many EU national trademark systems in terms of both filing practices and enforcement matters. Another key decision will be that in *Onel* (C-149/11), concerning the interpretation of genuine use of a Community Trademark. The implications of this could be far greater that those of *IP TRANSLATOR*. WTR