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Trade Marks 2023

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Contributing Editors

Dale Cendali and Joshua Simmons
Kirkland & Ellis LLP

Chambers

Global Practice Guides

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2023

Chambers Global Practice Guides

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INTRODUCTION

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Introduction

In 2022, trade mark law has seen defining decisions from courts, revisions to statutory texts, and ripples from the effects of global events including the COVID-19 pandemic and outbreak of war in Ukraine. As the world grows ever more interconnected, issues of extraterritoriality and the use of trade marks on the internet remain central to global trade mark disputes. These global issues also include continued efforts of enforcement organisations to deter bad faith trade mark prosecution and to limit the production and sale of counterfeit goods. Looking forward to 2023, pending court decisions and amendments to trade mark statutes are likely to bring clearer answers to many of the difficult questions raised in the last year.

Extraterritoriality and Damages

Around the world, courts and legislatures continue to provide guidance as to the scope and determination of damages in trade mark infringement disputes. A pending case before the United States Supreme Court and evolving law in China are poised to offer further guidance on this critical topic in 2023.

USA

Damages and extraterritorial application of US trade mark law is currently before the Supreme Court in the case of *Abitron Austria GmbH et al. v Hetronic International Inc.* The plaintiff, Hetronic, brought a trade mark infringement suit against foreign distributors of its radio remote control products, alleging that the defendants counterfeited its products for overseas sale. The trial court awarded Hetronic a worldwide injunction and approximately USD90 million in damages, despite evidence that only 3% of the allegedly infringing sales were made in the US. The Tenth

Circuit affirmed the decision, but noted that the injunction should have been limited to jurisdictions where the counterfeit products were actually marketed. Given that American courts are divided on how to analyse the extraterritorial application of US trade mark law, the Supreme Court has decided to review the Tenth Circuit's decision. Its decision has the opportunity to clarify whether damages may be obtained for foreign trade mark infringement and under what circumstances.

China

The Supreme People's Court has clarified evidence rules and allowed for more options to prove damages in trade mark infringement disputes. The government also continues to emphasise the importance of strengthening damages laws in order to compensate rights-holders and deter infringers. Recently, Chinese courts have looked more closely at the issue of punitive damages in trade mark cases. This analysis follows a recent case study showing that, from 2013 to 2021, courts only awarded punitive damages in 2% of the trade mark cases in which such awards were sought. Because proving losses or illegal profits has proven difficult in trade mark cases, courts have started to become more lenient as to the awarding of punitive damages despite the high statutory bar for proving such damages. A recent decision from the Guangdong High Court for instance granted CNY5 million in punitive damages (the statutory limit) in light of the defendant's repeated and wilful infringement. This and similar decisions may indicate a trend toward greater reliance on punitive damages to deter infringement.

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Trade Mark Law and Free Speech in the United States

In 2023, the United States Supreme Court will hear argument in *Jack Daniel's Properties, Inc. v VIP Products, LLC*, a long-running dispute between the global brand Jack Daniels and a dog-toy manufacturer that focuses on balancing the free speech right afforded by the First Amendment of the US Constitution and trade mark law. The defendant, VIP Products, used the Jack Daniel's trade dress and trade marks for its humorous dog toy. Jack Daniels asserted infringement claims against VIP Products, but the trial court found that the toy was entitled to protection under the First Amendment that foreclosed Jack Daniel's trade mark claim. The Ninth Circuit Court of Appeals affirmed this decision. The questions before the Supreme Court are (i) whether the humorous use of another's trade mark on a commercial product should receive heightened protection under the First Amendment, and (ii) whether such humorous use on a commercial product is in fact "noncommercial" and thus cannot be subject to a trade mark dilution claim. These questions will consider the longstanding US precedent in the case *Rogers v Grimaldi*, which set forth the test for such heightened First Amendment protection. Rather than applying the ordinary likelihood of confusion test, *Rogers* is more permissive, allowing the use of trade marks in expressive works where the use is (i) artistically relevant to the underlying work and (ii) not explicitly misleading as to source or sponsorship. The decision in the VIP Products case will have significant impacts on the law surrounding the use of trade marks for humour or parody and could set a new standard for how similar free speech laws interact with trade mark.

Bad Faith and Fraud

Continuing a recent trend across jurisdictions, countries are cracking down on bad faith and fraudulent filings at government intellectual property offices.

Canada

Canadian law allows for the opposition or cancellation of a trade mark application or registration based on a theory that the application was filed in bad faith. Because Canada no longer requires actual use in commerce to register a mark, there has been a recent rise in assertions of bad faith by applicants with no use or intended use of a given trade mark. A recent decision provided additional insight into the bounds of a bad faith claim, finding that it was not bad faith where an applicant failed to investigate whether another company, which was using the applied-for mark, was wilfully blind as to whether the applicant had a right to register the mark.

China

A January 2023 draft amendment to China's Trade Mark Law proposes a number of changes that impact various areas of Chinese trade mark law, one of which is the malicious prosecution of trade marks. The amendment was released for public comment on 13 January 2023, by the CNIPA, and includes a proposed cause of action to recover legal costs incurred for opposing a bad faith assertion of trade mark rights against a registered mark. This proposed amendment was drafted as a result of a recent Supreme People's Court decision finding the malicious assertion of trade mark rights unlawful. The draft amendment codifies this decision and would serve to deter infringers from monetising bad faith oppositions.

Internet and Search Engines

As search engines have evolved to become many consumers' primary interface with the

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internet, the protection of trade marks in that context has become a focus across many jurisdictions. Across multiple countries, courts and legislatures have come to differing conclusions as to how trade marks should be protected on search engines and how keyword advertising on search engines should be treated under the law.

Germany

In July 2022, Germany's Federal Supreme Court (the *Bundesgerichtshof* or BHG) decided a case involving a third party's purchase of Google AdWords for trade marks owned by another entity. The plaintiff was the senior user of the mark "ALBA" in connection with waste disposal and recycling and in 2017, it discovered that entering "Alba Recycling" into Google resulted in an advertisement for "Alba Recycling collection" that the plaintiff did not purchase. The plaintiff brought a trade mark complaint against Google, which resulted in the infringing advertisement being removed. The plaintiff then sought damages and pursuant to that claim, brought an action seeking information from Google related to (i) the amount of time the advertisement was first visible (ii) the number of clicks on the advertisement, and (iii) the price paid for the AdWords. The BHG dismissed the action, finding that the relevant sections of the Trade Mark Act and EU Directive 2004/48/EG could not be read to force discovery into the three types of information sought by the plaintiff. The BGH found that (i) the time of visibility was not included in the channels of commerce defined by the Trade Mark Act, (ii) although the "quantity of goods" sold by an infringer is discoverable, the number of clicks was not equivalent to that information under the law, and (iii) only the price of an unlawful service was discoverable, not the price paid for a service that is used to engage in infringing activity.

Norway

The Supreme Court of Norway also recently decided a case regarding the Google keyword advertisements and the appropriate level of damages for trade mark infringement on search engines. The case involved on one hand Norwegian outdoor fence providers *Vindex* and *Norgesgjerde*, which discovered that their competitor *Kystgjerdet* was using paid keywords for their house marks *VINDEX* and *NORGESGJERDE* to promote *Kystgjerdet* on Google. *Vindex* and *Norgesgjerde* brought suit against *Kystgjerdet* and both the lower and appellate courts found that the use of the trade marks for Google paid keywords constituted trade mark infringement. The case eventually went to the Supreme Court on the question of damages and compensation for the trade mark infringement. The plaintiffs sought NOK10 million based on past and future losses from the infringing uses of the keywords. The Supreme Court determined that the proper award was NOK800,000 for each plaintiff and found that the plaintiffs did not establish a causal relationship between the alleged drop in revenue and the defendant's Google keyword advertisement, nor did the plaintiffs establish the revenue that the defendant derived from those advertisements. The Supreme Court based the damages calculation on a reasonable licence fee (per guidance in the Trade Mark Act). This case confirms that EU trade mark owners should strictly police the use of their marks for search engine advertisements and carefully assess the evidence available for damages theories in connection with the alleged infringement.

Japan

Japan's recent amendments to the Trade Mark Act and Customs Act may have a significant effect on the country's interactions with the e-commerce marketplace and the protection against counterfeits in online sales. These

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amendments, which took effect in late 2022, allow the Director General of Customs to seek detailed documentation as to why a given product is being imported into the country, who is doing the importing, and whether any relevant intellectual property rights-holders have granted a relevant licence to import suspected goods. With the global rise in e-commerce and direct transactions between foreign businesses and individuals, these changes allow Japanese customs officials to track and collect information about suspected counterfeit goods more thoroughly and easily. These new polices have already reaped benefits, with some importers and addressees of counterfeit goods abandoning their goods at customs after having to submit documentation about the imported items. This new system is likely to result in attempts to circumvent the verification procedures by foreign e-commerce platforms, so the role of trade mark owners will become paramount in policing counterfeit imports of goods. Trade mark owners should expect to work even more closely with customs in Japan and strictly monitor the sales of counterfeit goods on foreign websites.

Intellectual Property in Ukraine

The ongoing war in Ukraine that resulted in the imposition of Martial Law has had widespread effects both within Ukraine and in the EU generally. Once Martial Law was announced in Ukraine as a result of the ongoing war, Ukraine's IP office announced that any IP rights that were set to expire during the duration of Martial Law would be extended until Martial Law was lifted. This hiatus also applies to filings in the context of trade mark prosecution. As a result of the logistical difficulties of continuing to manage trade mark prosecution during the war, the IP offices of other EU countries such as Germany have begun to help with the management of deadline extensions and similar filings. Despite these challenges, the Ukraine IP office continues to encourage those prosecuting trade marks to meet deadlines where possible and provide sufficient explanation where a deadline will be missed as a result of the war in the country.

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Kirkland & Ellis LLP is one of the world's leading law firms, with approximately 2,500 lawyers practising from 14 offices in the United States, Europe and Asia. The firm's clients and experience cut across every major industry and

discipline. Clients across the globe call upon Kirkland to handle their most important and complex corporate, litigation, intellectual property and restructuring matters.

Contributing Editors



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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The statutory law is the Benelux Convention on Intellectual Property (BCIP), version 1 March 2019, together with several Implementing Regulations. This convention serves as uniform national/regional law for the three Benelux countries.

The Benelux is a member to all relevant international trade mark treaties/agreements/conventions.

Self-Executing

- The Paris Convention for the Protection of Industrial Property.
- The Madrid Agreement concerning the International Registration of Marks.
- The Madrid Protocol.
- The Locarno Agreement.
- The Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.
- The Community Trade Mark Regulation.

Not Self-Executing

- The European Trade Marks Directive.
- The EU IP Enforcement Directive.
- The TRIPS Agreement.

1.2 Types of Trade Marks

The BCIP distinguishes individual marks, collective marks and (from 1 March 2019) certification marks. A certification mark is a species of collective marks. Benelux law protects both product marks and service marks.

Furthermore, the BCIP (Article 1.1, paragraph e) with respect to registration requirements, distinguishes word marks, figurative marks, combina-

tions of word and figurative marks, 3D-marks and “different types of trade marks”. Since the BCIP acknowledges the possibility to register “a different type of trade mark” (without limitation) there is no exclusion which would be an impediment for the registration of any type of mark, as long as the trade mark is able to define sufficiently clearly and accurately what is claimed. Therefore, for example, it is possible to register motion marks or sound marks. Trade dress as such is not a known concept under the BCIP.

1.3 Statutory Marks

Under Benelux trade mark law, there are no specific marks which are protected by statute in a way differently than ordinary marks.

1.4 Well-Known Foreign Marks

Article 2.2 of the BCIP states that without prejudice to the right of priority provided for by the Paris Convention or the TRIPS Agreement, the exclusive right to a trade mark shall be acquired by registration of the trade mark that has been filed in the Benelux territory.

If a specific mark is famous outside the Benelux but not yet in use or registered, the BCIP acknowledges possible rights of priority under the Paris Convention. Thus, a certain degree of protection might be granted to these rights.

1.5 Term of Protection

The term of protection is ten years from the date of filing and may be renewed, indefinitely, for periods of ten years at a time (Article 2.9 of the BCIP).

1.6 Exhaustion of Trade Mark Rights

The exclusive right of the trade mark holder is exhausted once a product has been put on the market for the first time in the European Economic Area (EEA) under that trade mark by the

holder, or with their consent, unless there are legitimate reasons for the holder to oppose further commercialisation of the goods. A legitimate reason to oppose further trading would be where the condition of the goods is changed or impaired after the goods have been put on the market (Article 2.23 of the BCIP).

1.7 Symbols to Denote Trade Marks

Under Benelux trade mark law, there is no requirement to use a trade mark related symbol.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A trade mark can be fully or partially transferred (Article 2.31 of the BCIP) via a deed of transfer. The Benelux Office for Intellectual Property (BOIP) can record a full or partial transfer in the register as a paid service.

An assignment requires an agreement or deed in writing. An assignment must cover the whole of Benelux territory.

In order to cause the assignment to have effect vis-à-vis third parties the assignment must be recorded in the register, which can be done at the request of the holder or the assignee.

2.2 Licensing Requirements or Restrictions

Pursuant to the BCIP and under the civil laws of any of the Benelux countries, no specific requirements or restrictions apply to licensing a trade mark. There is no requirement that a licence agreement should be in writing.

In the Netherlands, freedom of contract is an important basic principle. Parties may therefore

in principle agree on any form of licence; eg, (non-)exclusive licence, worldwide, territorially limited licence, (non-)assignable, or perpetual or limited in duration.

2.3 Registration or Recording of the Assignment

Since a registration system is in place, a third party must be able to rely on the Trade Mark Register. Therefore, an assignment and/or a licence needs to be registered at the BOIP in order to have effect vis-à-vis third parties. In the event an assignment/licence is not registered at the BOIP, the assignment/licence (or ownership) cannot be invoked against a third party (Article 2.33 of the BCIP). The same applies during the gap between the assignment taking place and its registration; during that time there will be no third-party effect.

2.4 Other Requirements for Licences or Assignments to be Valid

According to Article 2.31 of the BCIP, an assignment must be between living persons or existing entities, confirmed in writing and concern the whole Benelux territory. If one and/or more of the requirements have not been met, the assignment shall be null and void.

Article 2.31, paragraph 3 of the BCIP states that a transfer of the whole of the undertaking shall include the transfer of the trade mark as well, except in the event of a specific agreement to the contrary, or in the event circumstances clearly dictate otherwise.

In general, the legal requirements for a valid transfer apply – ie, a valid title, delivery of possession and power of disposition.

With respect to licences, no specific requirements for a valid licence apply. Since, under

Dutch law, a regular agreement has no prescribed form, a licence may, in principle, be agreed upon orally.

2.5 Assigning or Licensing Applications

It is possible to assign an application during the application process. This can be done by an assignment deed and a request to the BOIP to change the name and address details of the owner, or via a digital form on the BOIP website.

It is also possible to grant a licence in relation to a trade mark application during the application process. It is not possible to request recordal of such licence; a trade mark right only arises once the trade mark has officially been registered by the BOIP.

2.6 Trade Marks as Security

A trade mark may, independently of the undertaking, be given as security and may be the subject of rights in rem. Furthermore, a trade mark may be levied in execution (Article 2.32bis of the BCIP).

3. Registration

3.1 Trade Mark Registration

Within the Benelux countries, a registration is a prerequisite for a trade mark to enjoy protection.

There are different standards for registering different types of trade marks. Trade marks that have ab initio distinctive character in relation to the goods and services applied for, may be registered. Trade marks lacking distinctive character may only be registered if they have acquired distinctiveness through use.

3.2 Trade Mark Register

The BOIP keeps one register of trade marks. This register is publicly available via www.boip.com, and shows all Benelux trade mark registrations, all Community trade mark registrations and all international trade mark registrations for which the Benelux has been designated as a territory of protection.

In the Benelux, it is normal and common practice to search for prior trade marks before applying to register a mark. The sources to be searched depend on the situation and wishes of the applicant. In any event, the Benelux trade mark register, the EUIPO trade mark register and the WIPO trade mark register should be searched.

3.3 Term of Registration

The term of protection is ten years from the date of filing and may be renewed, indefinitely, for consecutive periods of ten years at a time (Article 2.9 of the BCIP).

Renewal takes place upon payment of the renewal fee, to be paid during the six months preceding the expiry of the trade mark registration. If necessary, it is also possible to renew the trade mark after the term has lapsed; the fee may still be paid within six months after the expiry date of the registration, provided that an additional fee is paid simultaneously (Article 2.9 of the BCIP).

3.4 Updating or Refreshing Registrations

Under Benelux law, a trade mark may be updated or refreshed like any other trade mark, as long as the updating or refreshing does not result in such a change of elements that it affects and alters the distinctive character of the mark in the form in which it was registered (Article 2.23 bis, paragraph 5 sub a of the BCIP).

4. Applying for a Trade Mark Registration

4.1 Application Requirements

In the Benelux countries, individuals, as well as legal entities and public bodies, can apply for a trade mark registration. There is no requirement that the holder has his domicile within the Benelux.

The application requirements for filing a trade mark follow from the Implementing Regulation of the BCIP. Optionally, the applicant can add a description (maximum 50 words) of the distinctive elements of the trade mark. Documents may be submitted electronically or as a hard copy (Article 3.4 Implementing Regulation of the BCIP).

Every sign that is able to sufficiently clearly and accurately indicate what is claimed and what is protected as a trade mark, can be registered as a trade mark. Since the BCIP acknowledges the possibility to register “different types of trade mark” (without limitation) there is no exclusion which impedes the registration of any type of mark, as long as the trade mark is able to clearly and accurately define what is claimed and as long as the sign does not fall under any of the exclusions listed in Article 2.2 bis of the BCIP.

It is possible to register, for example, pattern marks or sound marks.

It is also possible to file multi-class applications.

4.2 Use in Commerce Prior to Registration

The Benelux system does not have a requirement of use prior to registration. After the registration date there is obviously a requirement to make genuine use of the registered trade mark.

If the holder elects not to start using a Benelux trade mark in the first five years following registration, such non-use may have consequences for the validity of the trade mark. This follows from Article 2.27 of the BCIP, which provides for the possibility to claim that a trade mark must be revoked in case no genuine use of the trade mark has been made for an uninterrupted period of five years.

4.3 Series Mark Registrations

The Benelux system allows for the registration of series marks as a range of trade marks which aim to identify a particular distinctive element as a “landmark” for the relevant public. The protection of series marks is confirmed in case law.

4.4 Consideration of Prior Rights in Registration

The BOIP does not consider the existence of prior rights in its examination of an application, unless an opposition has been lodged on the basis of a prior trade mark registration which is considered to take precedence.

4.5 Consideration of Third-Party Rights in Registration

Any third party who is the proprietor of an earlier trade mark registration can lodge an opposition within two months of application publication. There are no qualification requirements for opponents.

The opposition procedure starts with filing an opposition form. If the opposition is admissible on formal grounds, a cooling-off period of two months will commence. If no settlement has been reached within the cooling-off period (which can be extended upon request), the opposition procedure will officially commence. The opponent must explain in writing the possible confusion

with their trade mark (submissions). The applicant will then be able to respond.

Instead of reacting to the submissions, the applicant can choose to ask the opponent to provide proof of use if the opponent's trade mark is more than five years old. If proof of use is requested, the opponent has to provide documents that demonstrate genuine use of the trade mark in the five years prior to the date the opposition was filed.

Following either of the defendants' actions, the BOIP will make a decision: opposition deemed well founded, opposition deemed unfounded or opposition partially justified.

4.6 Revocation, Change, Amendment or Correction of an Application

In the event the applicant did not comply with all requirements following from the implementing regulation of the BOIP, the applicant will be given an opportunity to rectify (Article 2.5, paragraph 2 of the BCIP). It is possible to limit the goods and services and to revoke a trade mark application during the process of registration.

It is not possible to modify a sign constituting the trade mark either during the period of registration or at the time of its renewal (Article 2.9 of the BCIP).

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark registration or trade mark application.

A Benelux trade mark may be transferred in respect of some or all of the goods or services for which it is registered (Article 2.31, paragraph 1 of the BCIP). A trade mark application is also transferrable.

A request for modification of register data relating to a Benelux trade mark application or registration must be sent to the BOIP, indicating the number of the registration, the name and address of the holder, signature and where appropriate the name and address of the authorised representative.

Furthermore, a copy of the deed of transfer must be provided (Article 3.1 of the Implementing Regulation).

4.8 Incorrect Information in an Application

If an application is filed containing incorrect information, any interested third party can make mention of this and request its correction.

If the trade mark application is filed in bad faith (Article 2.4, paragraph f of the BCIP), either the BOIP or any national court of law can decide that the trade mark is null and void.

4.9 Refusal of Registration

The absolute grounds for refusal or invalidity follow from Article 2.2 bis of the BCIP. These grounds include, without limitation, trade marks devoid of distinctive character, trade marks which are contrary to public policy and trade marks which are of such a nature as to deceive the public.

A trade mark shall be declared invalid where the application for registration of the trade mark was made in bad faith, when the application included fraudulent material, or if marks have an immoral or offensive meaning.

A trade mark shall not be refused registration in accordance with paragraphs b, c or d, if before the date of application for registration following the use which has been made of it, it can

be deemed to have acquired distinctiveness. A trade mark shall not be declared invalid for the same reasons, if before the date of application for a declaration of invalidity, following the use which has been made of it, it has acquired distinctiveness.

4.10 Remedies Against the Trade Mark Office

Usually, if the BOIP has doubts on the registrability of a trade mark, it will notify the applicant of its intention to refuse the registration (preliminary refusal) on absolute grounds in whole or in part. The applicant will have the opportunity to respond with comments (Article 2.11 of the BCIP).

In the event the BOIP refuses the registration, the applicant is entitled to appeal the decision before the Benelux Court of Justice within two months following the notification of the refusal.

4.11 The Madrid System

The Benelux countries participate in the Madrid system.

International trade marks are registered with the WIPO. If an international application is based on a Benelux trade mark, the application for an international trade mark may be made via the BOIP, via the BOIP website. The BOIP commonly checks whether the application is compliant and identical to the base Benelux application. After this check, the WIPO takes over the processing of the international application.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Following the publication date of the filing, for a period of two months the application is open

for opposition by holders of earlier rights (Article 2.14 of the BCIP).

An opposition may be submitted to the BOIP by the applicant or holder of a prior trade mark against a trade mark which in order of priority ranks after its own or may give rise to confusion with its well-known trade mark (Article 6 bis of the Paris Convention).

A potential opponent can request extension/suspension of the opposition procedure, solely on joint request with the trade mark owner.

5.2 Legal Grounds for Filing an Opposition

The legal grounds for filing an opposition follow from Articles 2.2ter, paragraph 1 and 3 of the BCIP.

The BCIP recognises dilution as part of a ground to start an infringement procedure (Article 2.20, paragraph 2 sub c and d of the BCIP).

The BCIP does not recognise dilution as a ground to oppose a trade mark or to prevent use of a mark in a lawsuit.

5.3 Ability to File an Opposition

Any applicant or holder of a prior trade mark may file an opposition.

The opponent does not need representation by a lawyer or trade mark attorney. The office fee (without additional costs with respect to, for example, supplemental rights invoked or requests to suspension) per opposition filed is EUR1,045.

The average attorneys' costs of a straightforward opposition will range from EUR1,500 to EUR2,500 (excluding VAT, translation costs and

the opposition fee), provided that the dispute will be concentrated on the main issue (collision with an earlier mark) and there will not be a long-drawn discussion on related issues that may be brought up, such as actual use of the trade mark.

5.4 Opposition Procedure

The holder of the earlier trade mark has to file an opposition form. If the opposition is admissible, the parties will receive a notification of admissibility, following which there will be a two-month cooling-off period and a one-month period within which a decision will be made regarding the language preference of the defendant, if any.

Notification of Commencement

If no settlement is reached during the cooling-off period, the parties will receive a notification of commencement of the procedure. In the two months following the commencement of the procedure the opponent may submit arguments. If arguments are submitted, the defendant will get the opportunity to reply within two months following the arguments of the opponent.

Proof of Use

If proof of use is requested by the defendant, the opponent must provide this within two months of the request. If proof is provided, this is sent to the defendant who will have an opportunity to comment. The BOIP will forward these to the opponent. After receiving a reaction from the opponent (or in the absence thereof), the BOIP may request additional arguments or documents. Following this process, the opposition is ready for decision.

BOIP Declarations

The BOIP may declare the opposition is well founded, partially well founded, or reject the

opposition. A decision from the BOIP is open to appeal for two months following the decision.

Opposition proceedings are essentially a written exchange of arguments and evidencing documents. They do not provide for an oral hearing. The BCIP does not provide for rules concerning discovery.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

An opposition decision from the BOIP is open to appeal at the Benelux Court of Justice for a period of two months following the decision (Article 1.15 bis of the BCIP).

Within two months following the date the application was sent, the defendant must lodge a statement of defence. The application and the statement of defence may be followed by a reply and rejoinder. Thereafter, the President of the Chamber that will decide the matter shall prescribe a period within which such pleadings are to be submitted with the Court Registry (Benelux Court Rules of Procedure (BCRP), Article 4.5 and 4.6).

Though proceedings before the BenCJ are primarily conducted in writing, an opportunity for oral arguments may be allowed at the request of any party or on the basis of a decision ex officio (Article 1.30 of the BCRP).

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

There is no general statutory limitation or time period within which to file revocation/cancellation actions in the Benelux.

However, depending on the basis for the revocation or cancellation a limitation period may apply. For example, in case the holder of a registered mark has knowingly acquiesced in the use of a younger trade mark for more than five years, he is no longer in a position to file an action for revocation of that younger trade mark.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

The right to a trade mark shall be revoked within the limits laid down in Article 2.27 if, following the date of registration:

- within a continuous period of five years, it has not been put to genuine use in Benelux territory in connection with the goods or services for which it was registered, and there are no proper reasons for non-use;
- in consequence of acts or inactivity of the holder, the trade mark has become the common name for a product or service; and/or
- in consequence of the use made of it by the holder of the trade mark or with his consent in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public.

Any interested party may invoke revocation/annulment of the right in a trade mark in the cases provided for by Article 2.26 BCIP.

Any interested party, including the Public Prosecutor, may invoke the invalidity of a trade mark before a civil court in the cases provided for by Article 2.2bis, 2.2ter, paragraph 1 and 3 and Article 2.27 of the BCIP. This follows from Article 2.28 of the BCIP.

Any interested party may invoke the revocation/annulment of a trade mark before the BOIP in the

cases provided for in Article 2.2bis, Article 2.2ter, paragraph 1 and 3 and Article 2.27 of the BCIP.

6.3 Ability to File a Revocation/Cancellation Proceeding

Revocation/cancellation proceedings may be initiated by any third party with a justified interest.

6.4 Revocation/Cancellation Procedure

Revocation/cancellation action can be brought both before the trade mark office and before the civil courts.

6.5 Partial Revocation/Cancellation

Partial revocation/cancellation is possible (Article 2.30nonies, paragraph 3 BCIP). This article states that the declaration of invalidity or revocation shall be limited to one or more of the goods or services in respect of which the trade mark is registered, if the grounds for invalidity or revocation affect only some of the goods or services. Even within a single class, the trade mark may be cancelled for specific goods or services in that class.

6.6 Amendment in Revocation/Cancellation Proceedings

In revocation/cancellation proceedings it is always possible to file a claim amendment, provided that the holder is not unduly hampered in defending the action.

6.7 Combining Revocation/Cancellation and Infringement

This is only possible before civil courts since the BOIP has no jurisdiction to decide on infringement actions.

It is commonplace that a trade mark holder starts an infringement action and that the alleged

infringer files a counterclaim for revocation or cancellation of the trade mark.

6.8 Measures to Address Fraudulent Marks

Pursuant to Article 2.28 of the BCIP, any concerned party is authorised to start nullity proceedings in court. If proven that the application for the trade mark must be deemed fraudulent, the trade mark will be revoked.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

With the exception of certain specific terms of limitation (see **6.1 Timeframes for Filing Revocation/Cancellation Proceedings**) there is no general fixed time frame for bringing an action based on a registered trade mark, but depending on the circumstances the trade mark holder may be considered to have acquiesced in or accepted a given situation and forfeited his right to file an infringement action.

7.2 Legal Grounds for Filing Infringement Lawsuits

The BCIP does not provide for protection of unregistered trade marks, with the exception of the protection of well-known marks under the Paris Convention.

The holder of a trade mark can act against conflicting applications by starting an opposition procedure before the BOIP. In addition, a trade mark holder may invoke annulment or revocation of a trade mark at BOIP. The holder of a registered trade mark may, against infringements in the common courts, either through preliminary injunction (PI) proceedings or proceedings on the merits.

A trade mark holder can also start proceedings on the merits.

Furthermore, in certain circumstances a trade mark holder is entitled to seize infringing products or accounts relating to the infringement.

A trade mark owner can bring claims for dilution and cybersquatting on the basis of the “regular” infringement article, Article 2.20 of the BCIP.

7.3 Parties to an Action for Infringement

The necessary parties to an action for infringement are the trade mark holder and the alleged infringing party.

Pursuant to Article 2.21, paragraphs 1 to 4 of the BCIP, the licensee shall have the right to participate in an action brought by the holder of the trade mark in order to obtain compensation for damages directly incurred, or in order to obtain a proportion of the profit made by the defendant. The licensee may bring independent action only if they have obtained an authorisation from the holder for that purpose.

The licensee shall be authorised to exercise the powers referred to under Article 2.22, paragraph 1 of the BCIP (additional claims, amongst others a recall, removal or destruction of the infringing goods), provided that these are in order to protect the rights which they have been permitted to exercise and provided that they have obtained permission from the holder of the trade mark for that purpose.

It is generally not possible to stop infringement before a trade mark is registered, which may include a provisional registration.

7.4 Representative or Collective Actions

In the Netherlands it is possible to have collective liability established in court (collective action). It has also been possible to declare a collective settlement, between an interest group and a party held liable, to be generally binding for all victims on the basis of the Collective Settlement of mass claims.

In January 2020, the Mass Claims in Collective Action Act entered into force. The court is able to adjudicate a collective compensation claim.

To be admissible, interest groups will have to meet several requirements with respect to funding, representatives and governance. The collective action is subject to further requirements compared to regular lawsuits. It must be sufficiently plausible that submitting the collective action is more efficient and effective than initiating individual actions.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There is no requirement to send a demand or warning letter, nor to engage in mediation proceedings. However, if proceedings are started without issuing a demand letter, this may have consequences for award of legal fees and costs.

A trade mark owner is not allowed to make frivolous claims purporting infringement of a trade mark – eg, in case the trade mark owner is aware or should be aware that their action is based on a trade mark that is not valid or no longer valid. Making frivolous infringement claims may be considered an unlawful act (Article 6:162 of the Dutch Civil Code).

Furthermore, trade mark owners (like any other party in a lawsuit) are not allowed to abuse/mis-

use any of their subjective rights. This follows from civil procedural law.

7.6 Initial Pleading Standards

In most types of infringement cases, proceedings are started with a writ of summons. This should include all the infringement arguments and make reference to available evidence to the fullest extent possible. Documents, including the available evidence, should be submitted to the court and the defendant at the first hearing. This rule applies to all types of civil proceedings and there are no further specific rules applying to trade mark infringement proceedings or other types of law suits involving trade marks.

Claim amendment at a later stage is possible unless it results in a disadvantage for a defendant to bring their arguments to counter a claim.

A defendant may bring a counterclaim in the same proceeding (eg, a nullity claim in response to an infringement claim) and both claims will be handled and decided simultaneously.

7.7 Lawsuit Procedure

The BOIP has no jurisdiction to decide on infringement actions.

In regular proceedings, the Dutch civil courts have jurisdiction to hear trade mark matters at first instance. At second instance, Dutch Civil Courts of Appeal have jurisdiction. At third instance, the Supreme Court has jurisdiction.

In cases handled in the common courts, the cases are heard by state-appointed judges. Most of the district courts and courts of appeal have judges who focus on IP matters. Due to its exclusive jurisdiction for EU trade mark and design matters, the Hague District Court has specialised judges.

There is no requirement to send a demand or warning letter, nor to engage in mediation proceedings. However, if proceedings are started without issuing a demand letter, this may have consequences for award of legal fees and costs.

Fees and Costs

Obviously, the costs depend on the nature and complexity of the case.

Although there is no requirement, usually, one or two warning letters will be sent prior to filing a lawsuit. The costs for a warning letter can be estimated to be in the range of EUR1,000 to EUR1,500.

Costs for possible evidence notarisation depend on the type of notarisation.

7.8 Effect of Trade Mark Office Decisions

In principle, decisions of the BOIP are not binding upon Dutch Courts. However, practice shows that the line of the BOIP is often followed.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

An alleged infringer can start a declaratory judgment proceeding – eg, to obtain a declaratory right of non-infringement. Another possibility is to start a declaratory judgment proceeding in order to obtain a declaration of invalidity or cancellation.

It is no longer possible to file a protective brief in trade mark matters, because the courts consider protective briefs to be too much of an administrative burden.

The option for an alleged infringer to post a bond is provided for in the law (Article 2.22, paragraph 3 sub c), but very rarely used.

7.10 Counterfeiting

There are no special procedures, remedies or statutes addressing counterfeit marks within the Benelux.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

The BCIP and the BCIP Implementing Regulations provide for special procedural provisions concerning proceedings that are conducted by the BOIP (eg, proceedings to overcome a refusal by the BOIP and opposition proceedings before the BOIP).

8.2 Requirement to Establish Use of a Sign as a Trade Mark

In principle it is necessary to establish that the defendant has used the sign as a trade mark, in contrast to a mere descriptive use. An exception to this situation (Article 2.20, paragraph 1 sub d of the BCIP), is the possibility to act against use of a sign for purposes other than distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the trade mark (the famous Benelux “sub d” form of infringement).

8.3 Factors in Determining Infringement

The likelihood of confusion of the public, which is defined as the risk that the public might believe that the goods or services in question come from the same undertaking or from economically-linked undertakings, must be appreciated globally, taking into account all factors relevant to the circumstances of the case, including the degree of distinctiveness of the older mark and the sign, the degree of similarity between trade mark and sign (visually, phonetically and conceptually) and

the degree of similarity between goods and services concerned.

8.4 Elements of Other Trade Mark Claims

To the extent that such acts can be considered to cause confusion or to be damaging for the reputation of the registered trade mark or to draw an unjustified benefit from the registered trade mark, such claims may be brought under the general infringement Article 2.20 of the BCIP.

8.5 Effect of Registration

Within the Benelux countries, a registration is a prerequisite for a trade mark to enjoy protection. Unregistered trade marks are not protected.

8.6 Defences Against Infringement

Defences against infringement include priority, objection for non-use, bad faith, fair use (due cause), parody, own-name defence and all other restrictions that apply to the trade mark owner asserting its rights.

Several articles of the BCIP provide for restrictions on the trade mark holder in asserting its rights against others.

Third-Party Use

Article 2.20, paragraph 1 sub c and sub d of the BCIP provides that, in the event that use of the sign by a third party is with due cause, the trade mark holder is not able to prohibit this third party's use.

Amongst others, bona fide use in good faith, freedom of press, freedom of expression or other fundamental rights may constitute a due cause for using the sign.

Exclusive Rights

Article 2.23 of the BCIP provides for further limitations of the effects of the exclusive right. The

exclusive right shall not imply the right to challenge a third party over the use, in the course of trade, of its name and address, indications concerning the kind, quality, quantity, intended purpose, value, geographical origin or time of production of the goods or rendering of the service or other characteristics of the goods or services; and/or the trade mark where it is necessary to indicate the intended purpose of a product or service.

The exclusive right to a trade mark shall not imply the right to prohibit use in the course of trade of a similar sign which draws its protection from a prior right of local scope, if such right is recognised by the legal provisions of any Benelux country, within the limits of the territory in which it is recognised. Nor shall it imply the right to prohibit use of the trade mark for goods which have been put on the market in the European Community or EEA under that trade mark by the holder or with its consent, unless there are legitimate reasons for the holder to oppose further commercialisation of the goods.

Lack of Use

Article 2.30septies BCIP provides that the holder of a prior trade mark who has acquiesced for a period of five successive years, in the use of a registered later trade mark while being aware of such use, shall no longer be entitled to prohibit the use of the later trade mark under Article 2.20, paragraph a, b and c BCIP, in respect of goods or services for which that trade mark has been used, unless the later trade mark was filed in bad faith.

Article 2.30septies BCIP provides that the holder of a prior trade mark who has acquiesced, for a period of five successive years, in the use of a registered later trade mark while being aware of such use, shall no longer be entitled to invoke

the invalidity of the later trade mark on the basis of its prior right under Article 2.28, paragraph 3 BCIP, unless the later trade mark was filed in bad faith.

8.7 Obtaining Information and Evidence

The Dutch legal system provides for the possibility of hearing witnesses, obtaining a preliminary expert report and the seizure and exhibition of documents (Article 843a Dutch Civil Procedure Code (DCPC)).

Witnesses and Expert Reports

Even if proceedings are not pending, the court can be requested to hear witnesses. A court may order a preliminary witness examination at the request of one of the parties. Another mechanism is a preliminary expert report. A party may wish to have investigated an issue by an expert. Usually, an expert report will be the basis for the writ of summons for proceedings on the merits. Courts are not bound by these reports.

It should be noted that a preliminary expert report is not common practice with respect to trade mark issues.

Seizure of Evidence

The Benelux legal systems provide a legal basis for evidence seizures in accordance with their respective procedural laws, followed by a claim for exhibition or inspection by an independent expert (eg, Article 843a of the DCPC).

Such evidence collection proceedings may be initiated in pending proceedings, but may also be initiated in independent proceedings such as preliminary injunction proceedings or before initiating proceedings. Disclosure of documents can be claimed by each party with whom the relevant legal relationship exists. It is also pos-

sible to claim the disclosure of records of a third party who has relevant records at their disposal.

8.8 Role of Experts and/or Surveys

In the Benelux, it is common practise to make use of market surveys and marketing experts. The general attitude of the courts is that the value of surveys must be assessed carefully and, depending on the design and way in which surveys are conducted, they regularly encounter criticism for being biased and/or not being sufficiently objective.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Under specific circumstances, trade mark infringement can constitute a criminal offence on the basis of Article 337 of the Dutch Criminal Code, which states that any person who intentionally imports, conveys in transit or exports, sells, offers for sale, delivers, hands out or has in store (amongst others), goods, packaging or containers that falsely bear the trade name of another person or the trade mark to which another person is entitled. Punishment is a term of imprisonment not exceeding one year or a fine of a maximum of EUR87,000.

In the event of intentional trade mark infringement, the trade mark owner must report this infringement to the police. The police will start an investigation and all findings will be recorded in an official report which will be submitted to the public prosecutor. The public prosecutor will then make an assessment on whether the facts of the case are clear, whether or not the evidence is sufficiently strong and whether or not the case should go to trial.

If the case goes to trial, a summons will be issued following which the accused will have an opportunity to lodge a written objection to the

allegations made. In the event the objections are deemed well founded, the accused will (fully or partially) not be prosecuted. In that event, the criminal case will not be dealt with any further.

If the objections are not deemed well founded, the case will be heard by the judge at the place and time as mentioned in the summons. Depending on the seriousness of the matter, judgment may be given orally directly at the end of the hearing.

8.10 Costs of Litigating Infringement Actions

The typical costs for bringing a straightforward infringement action to conclusion in first instance in a case on the merits can be estimated between EUR15,000 to EUR25,000.

The typical costs for bringing a straightforward infringement action to conclusion in a preliminary injunction procedure can be estimated between EUR7,500 to EUR15,000.

On the basis of Article 1019h of the DCCP, all costs for legal assistance (including attorney's fees) are "fully recoverable" in trade mark cases in the Netherlands, to the extent that these costs are reasonable and proportional. However, in practice the cost awards are calculated and rendered in accordance with a table of so-called "indicative fees", which usually provide for compensation of an amount between 20 to 50% of the actual legal costs incurred by the winning party.

If a lawsuit also involves elements in dispute which must be considered unrelated to intellectual property rights (for example unlawful act), then a percentage will be allocated to each principle and the costs will be divided per principle

and will be awarded according to the applicable costs regulation.

9. Remedies

9.1 Injunctive Remedies

Within the Benelux, interim as well as preliminary instructions (PI) are available for a trade mark owner.

In order to successfully obtain a PI in the Netherlands, two requirements must be met: the alleged infringement must be made sufficiently plausible (even the threat of infringement can be the basis of a PI in the Netherlands) and the claimant must have an urgent interest in the claimed relief.

The requirement of urgency is relatively easily met in the Netherlands because infringements of intellectual property rights are considered to be urgent by nature. If the PI judge is of the opinion that the claimant has waited too long with bringing a PI claim, they may reject the claim for lack of urgent interest. There is no rule for a trade mark holder to bring a PI claim within a specific timeframe, although the trade mark holder should act in a sufficiently expedient manner. If the aforementioned two requirements are met, the judge will normally grant the PI.

For the sake of completeness, on the basis of Article 50, paragraph 6 of the TRIPS Agreement, if a PI is granted, the PI proceedings must be timely followed up by proceedings on the merits (otherwise the losing party may request the lapse of the PI).

9.2 Monetary Remedies

The laws in the Benelux countries do not provide for enhanced damages for wilful infringement. The intention of the infringer is irrelevant.

The following remedies exist for the trade mark holder.

Article 2.21 – Compensation for Damages and Other Actions

Subject to the same conditions as in Article 2.20 (2), the exclusive right in a trade mark shall allow its holder to claim compensation for any prejudice which they have suffered following use within the meaning of that provision.

The court which sets the damages:

- shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the holder of the trade mark as a result of the infringement; or
- as an alternative, it may set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the trade mark.

Furthermore, the court may order, at the request of the holder of a trade mark and by way of compensation, that ownership of goods which infringe a trade mark right, as well as, in appropriate cases, the materials and implements principally used in the manufacture of those goods, be transferred to the holder of the trade mark; the court may order that the transfer shall only

take place upon payment by the claimant of a sum to be determined by the court.

In addition to or instead of the action for compensation, the holder of a trade mark may institute proceedings for transfer of the profits made as a result of the infringement and for providing an accounting in this regard. The court shall reject the application if it considers that this use is not in bad faith or the circumstances of the case do not justify such an order.

The holder of a trade mark may institute proceedings for compensation or transfer of profits in the name of the licensee, without prejudice to the right granted to the licensee in Article 2.32 (4) and (5).

The holder of a trade mark may require reasonable compensation from a party which has carried out acts such as those mentioned in Article 2.20 during the period between the date of publication of the filing and the date of registration of the trade mark, insofar as the holder of the trade mark has acquired exclusive rights in this regard.

Article 2.22 – Additional Claims

Without prejudice to any damages due to the holder of a trade mark by reason of the infringement, and without compensation of any sort, the courts may order the recall from the channels of commerce, the definitive removal from the channels of commerce or the destruction of goods which infringe a trade mark right, as well as, in appropriate cases, materials and implements principally used in the manufacture of those goods. Those measures shall be carried out at the expense of the infringer, unless there are particular reasons for not doing so. In considering a request as referred to in this paragraph, the proportionality between the seriousness of the infringement and the remedies ordered, as well

as the interests of third parties, shall be taken into account.

The provisions of national law relating to steps to preserve rights and the enforcement of judgments and officially recorded acts shall apply.

Insofar as not provided for by national law and at the request of the holder of a trade mark, the courts may, under this provision, issue an interlocutory injunction against the alleged infringer or against an intermediary whose services are used by a third party to infringe a trade mark right, in order to:

- prevent any imminent infringement of a trade mark right;
- forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment, the continuation of the alleged infringements of a trade mark right; or
- make continuation of the alleged infringements subject to the lodging of guarantees intended to ensure the compensation of the holder of the trade mark.

At the request of the holder of a trade mark in proceedings concerning an infringement of their rights, the courts may order the party infringing the holder's right to provide the holder with all information available concerning the origin and distribution networks of the goods and services which have infringed the trade mark and to provide him with all the data relating thereto, insofar as this measure seems justified and proportionate.

The order referred to in paragraph 4 may also be issued against anyone who is in possession of the infringing goods on a commercial scale, who has used the infringing services on a commercial

scale or who has provided, on a commercial scale, services used in infringing activities.

The courts may, at the request of the holder of a trade mark, issue an injunction for the cessation of services against intermediaries whose services are used by a third party to infringe its trade mark right. The courts may also order, at the request of the claimant and at the expense of the infringer, that appropriate measures be taken to disseminate information concerning the decision.

9.3 Impoundment or Destruction of Infringing Articles

See 9.2 Monetary Remedies.

9.4 Attorneys' Fees and Costs

On the basis of Article 1019h of the DCCP, all costs for legal assistance (including attorney's fees) are "fully recoverable" in trade mark cases in the Netherlands, to the extent that these costs are reasonable and proportional. However, in practice, the cost awards are calculated and rendered in accordance with a table of so-called "indicative fees", which rarely provide for full compensation of the actual legal costs incurred by the winning party (see 8.10 Costs of Litigating Infringement Actions).

9.5 Ex Parte Relief

In specific and urgent cases, a trade mark owner can seek relief without advance notice to the defendant (ex parte).

9.6 Rights and Remedies for the Prevailing Defendant

See 9.4 Attorneys' Fees and Costs.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The Benelux legal system provides for customs seizure of counterfeits and parallel imports.

The relevant process differs depending on whether or not the procedure is started on request of the trade mark owner.

Ex officio action by Customs includes the following.

- After the observation in the physical check, the IP rights interrogator entering the data in ZGR (the online customs register) within two working days.
- After receipt of the information, the IP Rights Team must find out the rightful claimant within one working day (and make other assessments such as calling in the FIOD and assessing the quality of the report).
- If, within one working day of receipt of the notification, no rightful claimant is traced for the purpose of submitting a request, the goods shall be released.
- If, within one working day after receipt of the notification, the rightful claimant is traced for the purpose of filing an application, the IP Rights Team will take the notification of a decision to suspend the release or detention of the goods and send it to the right-holder, declarant or holder of the goods. The period of four working days for submission of the application starts with the notification (date) to the right-holder. The period will not be extended and the general ten working day period also starts with this notification.
- If no request is submitted within four working days, the goods will be released.
- The IP Rights Team shall take a decision within two working days of receipt of the request for allocation or rejection.

- If a request is rejected, the procedure stops and goods are released immediately.
- In the event of an application being granted, the normal procedure shall continue.

The ten working day period starts with the notification and continues. The holder of the decision (they now have a decision, so they are no longer called an entitled party) will have to meet the conditions within the ten working day period. Suspected infringing goods can be destroyed if Customs is notified in writing within ten working days of the date of the notification (Article 23). The response to the IP Rights Team may be that the holder of the decision indicates that an IP right has been infringed and gives his consent to the destruction of the goods, or the declarant or holder of the goods:

- consents to the destruction of the goods; or
- does not respond within the time limit; or
- objects to the destruction.

The process involving customs seizures usually follows the following steps:

- find and report to the IP Rights Team;
- assessment by the IP Rights Team and notification Bureau of Fiscal Investigation and Prosecution;
- notification by the IP Rights Team;
- providing information to right-holder/sample/inspection;
- reactions from stakeholders;
- objection by the declarant or holder of the goods;
- end of the procedure/destruction; and
- monitoring compliance with obligations and sanctions.

9.8 Different Remedies for Different Types of Trade Marks

There are no different types of remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

Civil Courts

In the Netherlands, the courts tend to encourage the parties to settle their disputes. How active a judge is in persuading parties to reach a settlement differs per judge.

There are no formal mechanisms. Usually, a settlement is reached through lawyer-assisted negotiations.

BOIP

The BOIP/BCIP provides for one formal mechanism; the two-month cooling-off period in the opposition procedure. This period cannot be bypassed. In this time, the parties may elect to try to reach an amicable settlement of their dispute.

10.2 Prevalence of ADR

ADR is not a common way to settle trade mark cases. Other than for domain name disputes, ADR proceedings are rarely used.

10.3 Other Court Proceedings

If the opponent or defendant in opposition proceedings notifies the BOIP that an application for a declaration of invalidity or revocation has been filed, the BOIP will normally suspend the opposition procedure.

Furthermore, in the event a revocation action is initiated against a European Community trade mark or an International trade mark registration with a designation of Benelux, prior to initiating

an infringement procedure in the Netherlands, the infringement proceedings will be suspended until there is a decision which is no longer subject to appeal.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

An appeal from a trial court decision can be taken to an appellate court within three months. An appeal from a trial court interim injunction in a preliminary proceeding can be taken to an appellate court within four weeks.

An appeal from a trial court decision normally takes approximately one to one-and-a-half years to be decided. An appeal from a trial court interim injunction in a preliminary proceeding normally takes approximately six to nine months to be decided.

11.2 Special Provisions for the Appellate Procedure

There are a few special provisions concerning intellectual property procedures in general (Article 1019 of the DCCP).

There are no special provisions concerning the appellate procedure for trade mark disputes in particular.

11.3 Scope of the Appellate Review

The appeal implies a full review of the facts and the merits of the case.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark can be protected by copyright.

In principle, if a trade mark is a surname, a trade mark owner is not entitled to limit the use of the same surname by a third party insofar as this use qualifies as fair use. Whether specific use of a surname qualifies as fair use depends on the circumstances of the case. For example, it is not allowed to take unfair advantage of the trade mark.

The Benelux laws do not limit the scope of trade mark laws based on copyright or related rights, but simply allows cumulation of these rights.

12.2 Industrial Design

It is conceivable and it sometimes happens that a trade mark is also protected by industrial design rights. Especially in the coming years, this may become more relevant in view of the fact that more and more different types of trade marks can be registered, see **1.2 Types of Trade Marks**.

Since the BCIP acknowledges the possibility to register “a different type of trade mark” (without limitation), there is no exclusion which would be an impediment for the registration of any type of mark, as long as the trade mark is able to define sufficiently clearly and accurately what is claimed. Therefore, it is possible, for example, to register colour, pattern, position, motion or sound marks.

12.3 Rights of Publicity and Personality

In the Benelux, there are no separate rules for the registration of personal names (celebrity names) as trade marks.

Depending on the name, a trade mark registration of a celebrity’s name may be considered a registration in bad faith and a reason for the invalidation of the trade mark.

12.4 Unfair Competition

In the Netherlands, the articles with respect to unfair commercial practices (Article 6:193 et seq of the DCC) can also/in addition play a role in trade mark infringement discussions (depending on the circumstances of the case). For example, when trade marks are being used in marketing/advertising with respect to products which are not produced and traded by (via) the respective trade mark owners.

The same applies to the “regular” unlawful act article (Article 6:162 of the DCC).

13. Additional Considerations

13.1 Emerging Issues

It should be noted that, in light of Brexit, UK representatives can no longer act as attorneys before the BOIP. This is the case since a trade mark holder must indicate a correspondence address or representative within the EEA in order to be able to carry out acts and submit applications.

13.2 Trade Marks and the Internet

Benelux trade mark law is already applied in the online world for more than two decades and there are no special rules which apply to trade marks that are used on the internet.

13.3 Trade Marks and Business

The Benelux has no special rules or norms regarding trade marks as used in business.

Vondst Advocaten is a boutique Dutch law firm that focuses on contentious intellectual property, pharmaceuticals and life sciences, IT and privacy. This focus guarantees in-depth knowledge of the laws and regulations and market practices in the industries in which its clients are active. The trade marks practice team consists of two partners and three associates. The team has experience in litigating a wide variety of trade mark disputes, both in first instance and appellate levels, including opposition proceed-

ings before the Benelux Office for IP, the EUIPO Boards of Appeal and the General Court. The majority of cases handled are infringement and dilution disputes, including cases involving anti-counterfeiting and parallel imports. The team has broad experience in dealing with domain name disputes, including UDRP cases. Another important line of work is drafting and negotiating licence agreements and other agreements involving the exploitation of trade marks.

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The trade mark cases in Brazil are governed mainly by the IP law – Law No 9279/1996. Additionally, the Brazilian Trademark and Patent Office (INPI) has several rules and regulations regarding the trade mark examination. Brazil is part of the Paris Union Convention, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Madrid Protocol. The treaties are not self-executed and must be ratified by the National Congress.

1.2 Types of Trade Marks

The Brazilian IP Law states that all visually perceptible distinctive signs that do not fit into any legal prohibition are registrable as trade marks. The following three types of trade marks can be registered before the Brazilian Industrial Property Office (INPI):

- product or service marks used to identify products or services from others and they may be a word, word plus device, figurative or three-dimensional marks;
- certification marks used to attest the conformity of a product or service with certain norms of technical specifications, especially with respect to quality, nature, material and methodology; and
- collective marks used to identify products or services originating from members of a certain entity.

Well-known marks are protected under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), in their field of activity irrespective of any registration in Brazil, while highly renowned marks, provided that they are registered with the INPI as such, will enjoy

special protection in all fields of activity. Trade dress is not registrable with the INPI, but it may be protected or enforced according to Brazilian case law, which considers the violation of trade dress as unfair competition.

1.3 Statutory Marks

In 2012, Brazil published the General Law of the World Cup (Law 12.663/2012) and in 2016, the General Law of the Olympic games in Rio. These laws established special protection for the trade marks registered by FIFA and the Olympic Committee. The year of the events, the trade marks were considered highly renowned marks and received protections in all classes of products and services.

1.4 Well-Known Foreign Marks

Well-known trade marks are protected in Brazil according to the Article 06 bis of the Paris Union Convention, even when they are not registered. If a third party registers a well-known trade mark, the trade mark can be annulled.

1.5 Term of Protection

The term of protection of a trade mark is ten years, counted from the publication of the granting decision. This term can be renewed indefinitely for successive periods of ten years.

To request the renewal of the validity term, the owner must pay official fees to the INPI during the specific period to do so (starting one year before the expiry of the ten-year term and extending for six months after the validity term).

1.6 Exhaustion of Trade Mark Rights

According to the Brazilian law, the owner of a trade mark cannot:

- prevent traders or distributors from using their own distinctive signs to promote and adver-

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- tise their products together with the owner's trade mark;
- prevent accessory manufacturers from using the trade mark to indicate the destination of some manufactured product;
- prevent the free selling of products put into the national market by the trade mark owner itself; or
- prevent the citation of the trade mark in speeches, scientific or literary works, or any other publications, provided it is without commercial connotation and without prejudice to the trade mark's distinctive character.

1.7 Symbols to Denote Trade Marks

All trade marks registered before the INPI can use the symbol ®. This is not mandatory. However, the symbol cannot be used in connection with a non-registered or applied-for trade mark.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

The assignee must record the assignment before the INPI. It could be of a trade mark application and/or a registered trade mark. The request must meet some specific requirements, namely:

- the agreement must be signed by both parties' representatives and their full names, data and offices must be included below their signatures;
- if the agreement is signed in Brazil, it must be signed by two witnesses;
- both the assignor and assignee must prove that the signatory representatives have powers to sign the agreement on their behalf;
- the assigned trade marks must be indicated in the agreement, or in an annex;

- if the agreement is drafted in any language other than Portuguese, it must be translated into Portuguese or drafted in both languages; and
- the party that requests the INPI's approval must fill in a specific form requesting the exam of the assignment agreement and its approval – if this requirement is filed by an attorney, a power of attorney is also needed, furthermore, official fees are due to the INPI for this request.

After the presentation of these documents, the INPI will review the assignment agreement to check if all legal requirements were met. If everything is correct, INPI will approve the assignment, record the trade mark's assignment and publish it for public knowledge.

2.2 Licensing Requirements or Restrictions

The licensing of a trade mark is allowed by the Brazilian law for applications or registrations. It is worth mentioning, however, that the payment of royalties abroad due to a trade mark licence agreement can only encompass trade marks duly registered in Brazil.

The licence agreement must be filed before the INPI to allow the remittance of royalties abroad and deduction as operational expenses for tax purposes. The licence can be exclusive or non-exclusive.

The only restriction is applied on the royalty percentage. In principle, parties can agree any value as royalty fees; however, there is a legal limitation for deduction of the royalty payments as operational expenses (a maximum of 1% over the net sales of products or services).

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According to the new INPI regulation, all tax aspects of any agreement submitted for the INPI's approval will be exclusively examined by the Federal Revenue and all currency aspects will be examined by the Brazilian Central Bank. The duration of the licence should respect the term of the trade mark register.

2.3 Registration or Recording of the Assignment

The assignment must be registered and recorded by the INPI, through the procedure mentioned above.

The assignment is formalised between the parties at the time of the signature of the agreement; however, registration before the INPI is needed to make the assignment effective before third parties.

If the assignment is not registered before the INPI, the assigned trade marks will be considered as owned by the assignor before any third parties. Then, the assignor may be deemed responsible for any possible trade mark violation, tax debts, etc. The assignee will not be able to defend the trade mark before third parties.

2.4 Other Requirements for Licences or Assignments to be Valid

All licence and assignment requirements are described in 2. Assignment and Licensing.

2.5 Assigning or Licensing Applications

It is possible to assign and grant a licence of a trade mark during the application process. Regarding the assignment, it will be analysed by the INPI and recorded, even if the trade mark is not granted yet. The analysis of assignment is independent of the trade mark examination. Regarding the licence agreement, it will be examined and, if the trade mark is not granted,

the INPI will publish a reservation stating that the payment only can be made after the trade mark is registered.

2.6 Trade Marks as Security

A registered trade mark can be given as a security, be subject to rights in rem, assigned by way of security, or be levied in execution. According to the Brazilian law, trade marks are considered as movable properties.

Any restrictions applied to a trade mark must be informed to the INPI, which will record these before the trade mark registration.

3. Registration

3.1 Trade Mark Registration

The Brazilian law establishes that mark rights are acquired through their registration with the INPI and that the trade mark holder has the right to use them exclusively within the Brazilian territory. The only exceptions are well-known trade marks, which may be protected in Brazil according to the Paris Union Convention.

Brazilian law adopts the first-to-file system, which means that the first individual or entity that files a trade mark application, if such mark is granted, will enjoy exclusive rights. If a third party has been using the mark in Brazil in good faith for at least six months as of the date of the application or as of the priority date, it is possible to claim the right of preference.

3.2 Trade Mark Register

INPI is the Brazilian Patent and Trademark Office and its database for trade marks and other IP rights is public and can be accessed online via INPI's website.

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INPI has an Official Gazette published each Tuesday, containing the developments related to the trade mark applications. There is no supplemental register.

It is highly advisable to carry out research to identify if there are prior registered trade marks or applications filed with the INPI. The main source to be searched is the INPI's trade mark database, available online.

Other sources that could be searched are boards of trade and Registro.Br, the entity responsible for registering and assigning “.br” domain names and private databases.

3.3 Term of Registration

The term of protection of a trade mark is ten years, counted from the publication of the granting decision. This term can be renewed indefinitely for successive periods of ten years.

To request the renewal of the validity term, the owner must pay official fees to the INPI during the specific period to do so (starting one year before the expiry of the ten-year term and extending for six months after the validity term). The owner can pay the renewal fee until six months after the expiration of the term.

3.4 Updating or Refreshing Registrations

It is possible to update data regarding the owner address and legal name. The owner can also delete part of the list of goods and services; however, it is not possible to add new goods or services.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Only visually perceptible signs may be registered as a trade mark, which include words, images, designs, combinations of words and images or designs, combinations of colours when arranged or combined in a peculiar and distinctive manner and three-dimensional shapes. Other signs, even if deemed distinctive, are not registrable, such as scents, sounds, tastes, colours alone, motions and animations, among others.

The trade mark application process involves filling out a standard form, as well as providing:

- the identification data of the applicant;
- the class and specification of products or services for each mark;
- a sample of the trade mark, if applicable;
- the colours claimed, if applicable;
- the priority number and date, if applicable;
- a declaration that the applicant engages in activities related to the class and product/services specification;
- the proof of payment of the application fees; and
- a power of attorney signed by the applicant or its representative.

The trade mark can be filed by an individual or legal entity. The applicant must be engaged, directly or through controlled entities, in offering services or products related to the claimed product/service class and specification. From March 2020, it will be possible for more than one individual or legal entity to be owner of a trade mark.

Collective Marks

Specifically for collective marks, the applicant may be a legal entity that represents the col-

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lective, which may engage in an activity other than that pursued by its members, while for certification marks the applicant must be a person (which concept is defined by Brazilian law as either an individual or a legal entity) who has no direct commercial or industrial interest in the product or service being certified.

4.2 Use in Commerce Prior to Registration

There is no need to use the trade mark before the registration.

4.3 Series Mark Registrations

The Brazilian system does not allow for the registration of series marks. Each variation, if of interest, must be filed as an individual application, which will increase the total cost due to the application fee (and possible concession fee) required for each individual mark.

4.4 Consideration of Prior Rights in Registration

The trade mark office considers prior rights to examine a trade mark application, mainly registered trade marks and trade marks filed and not yet examined. Moreover, if a party uses a trade mark in good-faith for at least six months without registering it, the trade mark office should consider this prior right in its examination, if the prior right owner files an opposition.

A prior owner can provide a letter of consent to permit registration of another trade mark, however, the INPI is not obliged to accept. If both marks can cause confusion for consumers, the INPI may not consider the letter of consent.

4.5 Consideration of Third-Party Rights in Registration

Third parties can file an opposition until 60 days after the trade mark registration is published by

the INPI. Following the filing, the INPI should notify the owner to respond to the opposition within 60 days. Third parties should demonstrate that they have similar trade marks on the same economic area, that they have been using the trade mark for at least six months, or that the trade mark is creating confusion for consumers.

4.6 Revocation, Change, Amendment or Correction of an Application

It is possible to withdraw, correct incorrect data or remove goods/services from the list.

4.7 Dividing a Trade Mark Application

It will be possible to divide trade mark applications, given the changes the INPI made in 2019 in order to comply with the Madrid Protocol. However, the changes are not yet in force and the INPI have not informed the date when they will be in force.

It is possible to divide trade mark applications filed through the multi-class system according to two hypotheses.

First, when the INPI examines the application and grants the register of one class but postpones the decision of other classes because there is a conflict of trade marks or the office must analyse a previous application before deciding. The owner can request the division of the application and the new application will keep the original filing date and term of protection.

The second hypothesis is when the owner wants to transfer the trade mark's ownership in one or more classes. The INPI will allow the assignment if the examiner understands that the coexistence of the same trade mark for different owners is possible.

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4.8 Incorrect Information in an Application

The consequences for providing incorrect information depends on the information in question. If it is information regarding company name, address, the trade mark office can publish an office action requiring the correction. If the owner provides incorrect information regarding the economic activity (eg, a company states that it can produce clothes according to its by-laws, but this is not true), the trade mark office can annul the trade mark.

4.9 Refusal of Registration

The grounds for refusal are listed in Article 124, which comprises the following:

- official, public, national, foreign or international escutcheons, coats of arms, medals, flags, emblems, badges and monuments, as well as the respective designations, figures, or imitations;
- letters, numerals and dates alone, except when endowed with sufficiently distinctive form;
- expressions, figures, drawings or any other signs that are contrary to morals and standards of respectability or that offend the honour or image of persons or violate freedom of conscience, belief, religious cult or ideas and feelings worthy of respect and veneration;
- designations or initials of public entities or agencies, when the application is not made by the public entity or agency itself;
- reproductions or imitations of a characteristic or differentiating element of a title of an establishment or a name of a company belonging to third parties, likely to cause confusion or association with such distinctive signs;
- signs of generic, necessary, common, ordinary or simply descriptive character, when related to the product or service to be distinguished, or those commonly employed to designate a characteristic of the product or service regarding its nature, nationality, weight, value, quality and time of production or rendering of the service, except when endowed with a sufficiently distinctive form;
- signs or expressions employed only as a means of advertising;
- colours and their names, unless arranged or combined in a peculiar and distinctive manner;
- geographical indications, imitations thereof likely to cause confusion, or signs that may falsely induce a geographical indication;
- signs that induce to a false indication regarding the origin, source, nature, quality or usefulness of the product or service to which the mark is applied;
- reproductions or imitations of an official seal normally used to guarantee a standard of any kind or nature;
- reproductions or imitations of a sign registered as a collective or certification mark by a third party;
- names, awards, or symbol of sporting, artistic, cultural, social, political, economic or technical event that is official or officially sanctioned, as well as an imitation likely to create confusion, unless authorised by the competent authority or entity that is promoting the event;
- reproductions or imitations of titles, policies, coins and paper currency of a country, state or municipality;
- personal names or signatures thereof, family names and patronymics, or the image of third parties, except with the consent of the titleholder, his/her heirs, or successors;
- well-known pseudonyms or nicknames, individual or collective artistic names, except

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- with the consent of the titleholder, their heirs or successors;
- literary, artistic or scientific work, as well as the titles protected by copyright and likely to cause confusion or association, except with the consent of the author or titleholder;
- technical terms used in industry, science and art related to the product or service related to the mark;
- reproductions or imitations (in whole or in part, even with addition) of a mark registered by another party, to distinguish or certify an identical, similar, or alike product or service, likely to cause confusion or association with the other party's mark;
- duality of marks of a single titleholder for the same product or service, except when, in case of marks of the same nature, they are endowed with a sufficiently distinctive form;
- necessary, common, or ordinary form of the product or packing, or also one that cannot be dissociated from a technical effect;
- an object that is protected by a third-party industrial design registration; and
- signs that imitate or reproduce, wholly or partially, a mark of which the applicant could not be unaware due to their activity and whose titleholder is headquartered or domiciled in national territory or in a country with which Brazil has an agreement or that assures reciprocity, if the mark is intended to distinguish an identical, similar or alike product or service likely to cause confusion or association with that other party's mark.

4.10 Remedies Against the Trade Mark Office

If an application is refused, the owner has a 60-day term to file an appeal to the INPI's president. The appeal will be examined by the Trademark Board of Appeals, which will provide

a technical opinion about the case. There are no appeals against the president's decision.

If the INPI still refuses to register the trade mark, the owner can file a lawsuit seeking the court to compel the INPI to register the trade mark.

4.11 The Madrid System

Brazil has adhered to the Madrid System since October 2019. The INPI can be appointed as Office of Origin and as Designated Office.

In order to file an International Application using the INPI as Office of Origin, the applicant must have a Brazilian register. The applicant should be a Brazilian or a legal entity with head office in Brazil. From March 2020, the INPI will allow multi-class applications.

If Brazil is appointed as a Designated Office, the INPI will examine the application in accordance with the Brazilian trade marks.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The most common legal ground for filing an opposition is the reproduction or imitation, in whole or in part, of a registered trade mark that is likely to cause confusion amongst consumers or misleading association with the third-party mark.

Oppositions may also be filed to prevent the registration of famous marks and well-known marks. The Brazilian law also establishes that any person who, in good faith, had been using an identical or similar mark – at the application or filing date – for at least six months in Brazil shall file an opposition and be entitled to registration on a “first use” basis.

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Oppositions must be filed within 60 days after the official acceptance of an application by the INPI. A potential opponent cannot require an extension of time to file the opposition.

5.2 Legal Grounds for Filing an Opposition

See 5.1 Timeframes for Filing an Opposition.

5.3 Ability to File an Opposition

An opposition may be filed by any individual or company that could suffer damages and have its rights violated as a result of the trade mark registration.

5.4 Opposition Procedure

The opposition procedure starts when the application is published in the Official Gazette and the 60-day term is triggered. If an opposition is filed, the INPI must notify the applicant, who may present a response within 60 days. If the applicant decides not to file a response, the application will not necessarily be dismissed.

There is no discovery period and, therefore, the opponent must present all necessary evidence to support their allegations. There is no hearing.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

If the INPI rejects a trade mark application, the applicant may file an appeal within 60 days counted from the publication of the decision. If the INPI grants the registration, anyone with a legitimate interest may file an administrative cancellation procedure within 180 days, counted from the date of issuance of the registration. After that, the registrant must be summoned to file a response within 60 days and the president of the INPI will issue a final decision. This ends the administrative instance.

Any legally legitimate person may file a lawsuit to require a judicial review by a federal court of the INPI's decisions, within five years from its granting.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

If the INPI rejects a trade mark application, the applicant may file an appeal within 60 days counted from the publication of the decision. If the INPI grants the registration, anyone with a legitimate interest may file an administrative cancellation procedure within 180-days counted from the date of issuance of the registration. After that, the registrant must be summoned to file a response within 60 days and the president of the INPI will issue a final decision. This ends the administrative instance.

Any legally legitimate person may file a lawsuit to require a judicial review by a federal court of the INPI's decisions, within five years from its granting.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

The trade mark can be cancelled for non-use after five years from its grant if:

- on the date of such request use of the mark in Brazil has not been initiated;
- use of the mark has been interrupted for more than five consecutive years; or
- within that time, the mark has been used in a modified form that implies an alteration in its distinctive character as originally found on the certificate of registration.

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The mark will not be cancelled if the registrant justifies non-use thereof for legitimate reasons.

Moreover, a trade mark registration shall be deemed null if granted in violation of the provisions of this law. The general argument is that the sign is not registrable as a trade mark, according to Article 124 (see **4.9 Refusal of Registration**).

6.3 Ability to File a Revocation/ Cancellation Proceeding

The Brazilian law states that any legitimate interested third party may initiate an administrative or judicial nullity proceeding. The following are considered as someone with a legitimate interest:

- governments, regarding their own public agencies and symbols;
- companies or agencies that provide a service regarding the trade mark, its commercial acronym, logo or establishment title registered by a third party;
- anyone, or their successor, whose civil name, signature, broadly known pseudonym or nickname has been registered without express authorisation;
- an author of an artistic work and the proper authority or agency that promotes a sport, artistic, cultural, social, political, economic or technical event, officially recognised, whose name, prize or symbol has been registered as a trade mark without authorisation;
- a registrant of a trade mark that has been reproduced or imitated;
- a registrant of a trade mark whose filing date was before the one whose register was granted, violating the priority principle;
- traders, industrial workers, self-employed workers, companies and agencies that provide a service or activity, so that they will have the right to use a trade mark that, if registered, would be impossible for them to use;

- a registrant of an industrial design that was registered by a third party as a trade mark; and
- a registrant of a collective or certification trade mark whose reproduction or imitation has been registered by a third party as a collective or certification trade mark.

The same requirements shall be used for cancellation actions.

6.4 Revocation/Cancellation Procedure

The revocation process can be filed before the trade mark office 180 days after the trade mark is granted and, after five years, before the civil courts.

6.5 Partial Revocation/Cancellation

Partial revocation/cancellation can be requested administratively or in court, when only part of it was granted in violation of the IP Law. A forfeiture request can also be requested against part of a trade mark that is out of use for more than five years. It is also possible to request the imposition of a limitation over the trade mark, such as an apostille, as “no exclusivity over the expression X”.

6.6 Amendment in Revocation/ Cancellation Proceedings

The administrative nullity proceeding cannot be amended, only withdrawn by the claimant, with no effect on the INPI, which can decide it if understands that there are grounds. As to the nullity action in a federal court, it is possible to amend it until the defendants (the INPI and the trade mark owner) are duly served.

6.7 Combining Revocation/Cancellation and Infringement

Infringement actions, as a rule, are filed before state courts, while revocation/cancellation

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actions must be filed before federal courts, with the INPI as a defendant party. The judge may, in the course of the cancellation action, grant an injunction staying the effects of a registration and use of the corresponding mark. It is also possible to request the staying of the infringement action while a nullity action is judged.

Regarding timing, as both are judicial actions, the proceedings are the same. Lawsuits generally last two years at first instance, two to three years in the Court of Appeals, and another two to three years in the Superior Court of Justice.

6.8 Measures to Address Fraudulent Marks

To revoke fraudulent marks in the administrative procedure before BPTO, it is possible to request the nullity of a trade mark. The invalidity may be requested by anyone with a legitimate interest, such as prior user rights. The deadline to file the administrative procedure is 180 days after the granting of the trade mark.

After the 180-day period, the only way to apply for trade mark nullity is through a lawsuit. Such action is directed to the holder of the granted trade mark and to the BPTO, since its main objective is to annul the administrative decision that granted the trade mark. The deadline for filing the lawsuit is five years from the granting of the trade mark. However, the industrial property law determines that there is no time limit to request the annulment of a trade mark that was acquired in bad faith.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Any lawsuit regarding trade mark claims should be filed up to ten years after the trade mark owner discovered the infringement.

7.2 Legal Grounds for Filing Infringement Lawsuits

If an unauthorised third party is reproducing a registered mark, wholly or in part, or imitating it leading to confusion, the trade mark owner (or its authorised licensee or distributor) is a legitimate person able to file a civil lawsuit and a criminal action against the offender. The owner can file a trade mark suit alleging that the use of trade mark by a third party is leading the mark to dilution. Cybersquatting is also prohibited in Brazil.

7.3 Parties to an Action for Infringement

The necessary parties to an action for infringement are the trade mark owner and the alleged infringer.

It is possible for a third party who is not the trade mark owner, such as a licensee or distributor, to file an action for infringement since it is expressly invested of such powers through an agreement and this agreement is duly recorded before the INPI.

The party may take actions to stop infringement before its mark is registered to protect its material integrity and reputation and based on unfair competition rules.

7.4 Representative or Collective Actions

Collective actions are available to discuss any patrimonial and moral damages caused to:

- the environment;

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- consumers;
- artistic, aesthetic, historical, tourist and landscape rights and assents;
- any other collective and diffuse rights and interests;
- violation to the economic order;
- urbanistic order;
- the honour and dignity of racial, ethnic or religious groups; or
- the public and social wealth.

Therefore, if trade marks are related to such subject matters, collective actions could be available. In practice, however, such situations are very rare.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

The Brazilian system does not establish any prerequisite to file a lawsuit related to trade marks. Mediation is becoming more common in Brazil for cases involving trade mark infringement.

It is important to clarify that a trade mark infringement allegation is only available after a trade mark registration. In the application phase, a lawsuit may be filed based specifically on unfair competition practice.

7.6 Initial Pleading Standards

The complaint must clearly specify the claim(s), as well as factual and legal arguments related to it. The plaintiff must also indicate the pieces of evidence by which it intends to demonstrate the truth of alleged facts. Regarding trade mark proceedings, the plaintiff must typically evidence the existence of a trade mark registration, the infringement acts and the damages arising from them.

7.7 Lawsuit Procedure

The court with jurisdiction to hear trade mark matters depends on the type of lawsuit. If the object of the action is trade mark infringement, the competent authority at first instance is the State Lower Courts. State Courts of Appeals have jurisdiction to review the State Lower Courts decision.

If a nullity or validity action is filed, the competent authority at first instance would be the Federal Lower Courts. Federal Courts of Appeals have jurisdiction to review the Federal Lower Courts decisions.

In both cases, after the second-instance decision, a special appeal or extraordinary appeal may be filed to the Superior Court of Justice or to the Supreme Federal Court, depending on whether there is any violation to federal law or to the Federal Constitution, respectively.

7.8 Effect of Trade Mark Office Decisions

It is necessary to establish that the defendant has used the sign as a trade mark with commercial intent. However, the trade mark owner cannot prevent any reference to the mark in speeches, scientific or literary works, or in any other type of publication, provided that it is made with a non-profit connotation and without prejudice to its distinctive character.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

The defendant could file a nullity action to require the judicial declaration of nullity of the plaintiff's trade mark registration by a federal court.

Another possibility of defence is mentioned in Declaratory Judgment Proceedings, which refers to filing a non-infringement declaratory

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lawsuit, with the purpose of obtaining a judicial declaration that the use of a trade mark does not violate any third-party IP rights.

7.10 Counterfeiting

The trade mark owner may file a Precautionary Action or an Infringement Lawsuit seeking a preliminary injunction order to immediately cease the violation.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

Infringement and cancellation actions follow the steps established by the Brazilian Civil Procedure Code. Cancellation actions have a longer period in which to reply (45 business days) and the participation of the INPI is necessary.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is necessary to establish that the defendant has used the sign as a trade mark with commercial intent. However, the trade mark owner cannot prevent any reference to the mark in speeches, scientific or literary works, or in any other type of publication, provided that it is made with a non-profit connotation and without prejudice to its distinctive character.

8.3 Factors in Determining Infringement

The main factor to be considered when determining whether the use of a sign constitutes trade mark infringement is the likelihood of confusion.

Several circumstances are considered to establish a trade mark infringement:

- the degree of distinctiveness of the older mark;
- the degree of similarity between the signs, when examined by an ordinary consumer in a market experience;
- the similarity between the goods/services;
- the degree of the competition between the goods/services and if one can replace the other; and
- the specificities of the market in which the goods/services are inserted, among others.

8.4 Elements of Other Trade Mark Claims

The plaintiff in a trade mark lawsuit can allege that the third party is diluting its registered trade marks. The Brazilian law does not describe types of dilution, however, the law states that the owner can protect the integrity and reputation of the registered trade mark. Further, the doctrine accepts that it is possible to allege dilution by blurring and tarnishment. Cybersquatting is also prohibited in Brazil and can be claimed in a lawsuit.

8.5 Effect of Registration

The trade mark registration brings the possibility of filing an infringement lawsuit against third parties. Before the granting of a trade mark, the owner of the application only can file a lawsuit based in unfair competition.

8.6 Defences Against Infringement

The defendant could file a nullity action, to require the judicial declaration of nullity of the plaintiff's trade mark registration by a federal court.

Another possibility of defence is mentioned in Declaratory Judgment Proceedings, which

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refers to filing a non-infringement declaratory lawsuit, with the purpose of obtaining a judicial declaration that the use of a trade mark does not violate any third-party IP rights.

Moreover, the defendant can allege:

- that the trade marks are not similar;
- that the expression is descriptive; or
- trade mark dilution.

8.7 Obtaining Information and Evidence

The Brazilian system has no discovery proceeding.

The parties are entitled to require the production of evidence prior to the filing of a lawsuit. The judge may order the defendant to present certain information or documents if the claims presented by the plaintiff are reasonable. In this case, the plaintiff must present all necessary information to individualise the document and information needed.

8.8 Role of Experts and/or Surveys

Judges are not obliged to order the production of evidence in trade mark infringement cases but, depending on the complexity of the matter, such an analysis may be necessary. In this case, the judge will typically accept scholars' opinions, trade mark and trade dress comparisons, semi-otic studies and others.

The judge may also appoint a court expert to conduct a technical analysis. Each party presents technical requirements and appoints a technical expert assistant, who will follow up the development of the work of the court expert. The court expert presents a report and each party replies to it on a legal and technical basis. The judge then renders a decision according to its

own discretion and is not obliged to follow the conclusion of the court's technical assistant.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

A crime is committed against mark registrations by whoever reproduces a registered mark wholly or in part, without the registrant's authorisation, or imitates it in a manner that may lead to confusion or alters a third-party registered mark already applied to a product placed on the market and sells, offers or exhibits for sale, hides or maintains in stock a product branded with third-party marks, fully or partially reproduced in an illicit manner, or a product from their industry or commerce, held in a vessel, container or package carrying a legitimate mark of a third party.

The penalty for trade mark infringement is imprisonment of one to three months, or a fine.

Criminal proceedings are preceded by a preliminary search and seizure measure, conducted by two court experts who will prepare an expert report about the infringement. If the report confirms the infringement, the judge will ratify the technical report and the patent owner can file a private criminal action for criminal punishment of the involved party. However, as trade mark infringement is not subject to a severe penalty of imprisonment, the convictions are usually suspended or converted into fines.

There are no criminal administrative proceedings for trade mark infringements.

8.10 Costs of Litigating Infringement Actions

Every action in Brazil needs to have an estimated amount for the calculation of court fees. The party who files the action will normally pay up to 4% of such amount as court fees to start the

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proceeding. The amount varies depending on the court where the case is filed.

9. Remedies

9.1 Injunctive Remedies

According to the first paragraph of the Article 209 of the Brazilian Intellectual Property Law (Law No 9.279/96), the judge may determine the cease of the violation granting a preliminary injunction order. To ensure the defendant ceases the violation, the most common measure is to set a penalty of a fine. If the defendant does not cease the use of the trade mark, the judge has discretion to dispatch letters to commercial registries or private/public agencies to oblige them to withdraw the diffusion of such trade mark.

As a general rule, the injunctive relief will be granted if the trade mark owner demonstrates the *periculum in mora* and *fumus boni iuris* concerning its pleas, mainly based on the risk of an irreparable injury. The defendant, on the other hand, may oppose a preliminary injunction order demonstrating the measure may drastically affect its business, leading the company to bankruptcy, or demonstrate the *fumus boni iuris* brought in the initial brief is not sufficiently strong to convince the judge.

9.2 Monetary Remedies

Damages are calculated based on the benefits otherwise earned by the injured party had the violation not occurred. Loss of profits are determined by the most favourable of the following criteria, *vis-à-vis* the injured party:

- the benefits that would have been gained by the injured party if the violation had not occurred;

- the benefits gained by the violator of a right; or
- the remuneration otherwise payable by the violator to the proprietor of violated rights for a licence that would have legally permitted them to exploit the underlying asset.

The judge does not have discretion in ordering monetary remedies; the owner has to request it.

9.3 Impoundment or Destruction of Infringing Articles

According to Brazilian law, the judge can order the impoundment of infringing products preliminary and order destruction if it is proved that the products are counterfeit.

9.4 Attorneys' Fees and Costs

Generally, the losing party is responsible for the payment of court fees and attorney fees, usually set by the judge from 10% to 20% of the amount in contention.

9.5 Ex Parte Relief

There is no legal obligation to provide prior notice to the defendant. Nonetheless, sending a notice has the purpose of seeking an agreement or at least demonstrating that judicial intervention is necessary.

9.6 Rights and Remedies for the Prevailing Defendant

A decision recognising the absence of any violation is considered a declaratory judgment in Brazil. The prevailing defendant has the right to recover all the costs associated with the lawsuit, especially court fees. They may also file a specific lawsuit to request Prevailing Defendant (moral and compensatory) related to any accusation of trade mark infringement that they may have suffered.

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Even though the law provides an award of up to 20% of the case value as attorney fees, such amount is collected by the attorney of the prevailing party and not by the party per se. If the party intends to recover the amount they paid to their counsel, a specific lawsuit must be filed.

9.7 Customs Seizures of Counterfeits or Criminal Imports

Border measures are available and can be performed by the customs authorities or requested by the parties. Customs authorities, ex officio or at the request of an interested party (such as the trade mark owner or its licensee/distributor vested with powers to defend the trade mark), can seize any counterfeit product at the time of clearance. After seizure, the customs authorities can notify the trade mark owner to file a complaint for judicial seizure and/or destruction of the seized products.

It is possible for the trade mark owner to request a preliminary injunction seeking the blocking of products at the border. In this case, the judge can send an official letter to the customs authorities, who will block the counterfeited products.

9.8 Different Remedies for Different Types of Trade Marks

The remedies are the same for all trade marks.

10. Resolving Litigations

10.1 Options for Settlement

A case can be settled at any time by the decision of the parties when negotiable rights are involved. The Brazilian Civil Procedure Code establishes a conciliatory hearing right after the receiving of the initial petition and before the filing of the reply by the defendant. After the enter-

ing of a settlement, the judge will ratify it and dismiss the case.

10.2 Prevalence of ADR

ADR is common in Brazil for every kind of litigation. The judge schedules a first hearing with the presence of the lawyers and representatives of the parties to discuss the possibility of a settlement. After the trial court decision, in some appellate courts there is also a standard proceeding of scheduling conciliation hearings in order to incentivise settlement, which is conducted by a person with specific training in mediation.

10.3 Other Court Proceedings

Other court proceedings, such as previous or parallel revocation proceedings, may have an influence on a current infringement proceeding. The suspension of the infringement case shall depend on its peculiarities and the discretion of the judge, who usually tends not to suspend it, as the revocation proceeding is usually brought by bad-faith trade mark infringers to gain some time. However, a final decision in a revocation proceeding – ie, cancelling the trade mark, will have huge effects over the infringement action as the defendant could claim that there are no exclusivity rights over such a trade mark by the plaintiff and then the action will be dismissed.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

An appeal can be filed against final decision of the trial court. The timeframe varies from court to court. In São Paulo and Rio de Janeiro, the most common venues for trade mark cases, it usually takes one to two years to have a case decided by an appellate court.

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11.2 Special Provisions for the Appellate Procedure

The procedure in appellate courts for trade mark cases is the same. The only peculiarity is that in certain courts there are special chambers to judge industrial property cases and other matters.

11.3 Scope of the Appellate Review

An appeal implies a full review of the case.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

The Brazilian system admits the protection of trade marks by different means, including copyright. Regarding the surname, if it is registered as a trade mark, the protection received is the same as any other trade mark. If another person has the same surname as a registered trade mark, this third party cannot use the name as trade mark. There is no limitation for trade marks based on copyrights.

12.2 Industrial Design

The Brazilian system recognises the protection of trade dress, however, it cannot be registered. Usually, the infringement of trade dress is based on unfair competition laws. Usually, a three-dimensional trade mark can be registered as patent design.

12.3 Rights of Publicity and Personality

The protection given to a surname or a name trade mark is the same. The only requirement is that if the trade mark is not filed in the name of the individual, it is necessary to record a term of consent from the celebrity to the company that filed the trade mark.

12.4 Unfair Competition

The law stating about unfair competition is the same as that governing trade marks (IP law – Law No 9279/1996).

13. Additional Considerations

13.1 Emerging Issues

There are no emerging issues.

13.2 Trade Marks and the Internet

Usually, the services providers request the proof of a trade mark registration in order to remove goods or information from the internet.

13.3 Trade Marks and Business

There are no special rules regarding trade marks used in business.

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Peduti Sociedade de Advogados is a law firm specialised in intellectual property, entertainment and information technology fields. With more than 40 years of experience in such fields of law, the firm's tradition arises from the excellent standards pursued by the practice and from the expertise and deep knowledge of the team of professionals. Peduti covers all aspects of patent, trade mark, copyright, software, domain names, advertising and trade secret law,

including advising, counselling, prosecution, licensing and litigation. The team consists of 29 people, ranging from paralegals to technicians, trainees to partners – all of them focused in the IP practice. The lawyers graduated from top law schools in Brazil and most attorneys have LLM degrees in intellectual property or in internet law. All of them are registered on the Brazilian Bar. There are also patent attorneys specialised in science and engineering fields.

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BRAZIL LAW AND PRACTICE

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Governing Laws in Canada

Canada operates its own trade mark regime, with its own system of registration and its own IP office. The Canadian Intellectual Property Office (CIPO) provides IP services in Canada and educates Canadians on how to use IP more effectively.

The key pieces of legislation and guidance in relation to trade mark law and practice in Canada are:

- the Trademarks Act, R.S.C., 1985, c. T-13 (the “Act”);
- the Trademarks Regulations, SOR/96-195 (the “Regulations”);
- the Trademarks Examination Manual (the “Manual”);
- the Trademarks Goods and Services Manual (GSM); and
- the Trademarks guide (the “Guide”).

The Act is the most important piece of legislation relating to trade marks in Canada and contains the law on all aspects of trade mark law. The Regulations set out the procedural formalities relating to all interactions with, and proceedings before, the Canadian Registrar of Trade Marks (the “Registrar”). The Manual explains the examination process and provides guidance to trade mark examiners as well as applicants and their agents. The GSM contains pre-approved descriptions of goods and services and corresponding Nice Classifications (although applications can use wording that is not in the GSM, CIPO will accept pre-approved wording without requesting further specifications). Lastly, the

Guide is a non-binding document that contains practical guidance on procedure before CIPO.

Trade Mark Treaties and Agreements

Canada is a party to the following conventions, treaties and agreements:

- the TRIPS Agreement;
- the Madrid protocol;
- the Singapore Treaty;
- the Paris Convention;
- the Nice Agreement;
- the WIPO Convention; and
- the Berne Convention.

1.2 Types of Trade Marks

There are several types of registrable trade marks.

- An ordinary trade mark includes words, designs, tastes, textures, moving images, mode of packaging, holograms, sounds, scents, three-dimensional shapes, colours, or a combination of these used to distinguish the goods or services of one person or organisation from those of others.
- A certification mark can be licensed to many people or companies for the purpose of showing that certain goods or services meet a defined standard. For example, the Woolmark design used on clothing is owned by Woolmark Americas Ltd.
- A trade mark may not be registered if it is nothing more than a name or surname, unless you can prove that your goods or services have become well known under the name or surname so that the word has acquired a secondary meaning in the public mind. You may also not register a trade mark that describes the geographical location where the goods or services come from. Allowing you to use such place names as your trade mark would

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mean you are the only one who can use the geographical place name, and that would be unfair to others who trade in that place.

Canada recognises common law trade mark rights for unregistered marks (see **7.2 Legal Grounds for Filing Infringement Lawsuits**).

1.3 Statutory Marks

The Act prohibits the adoption of certain categories of “prohibited marks” in connection with a business, including “official” marks that have been adopted and used in Canada by a public authority.

The separate Olympic and Paralympic Marks Act, S.C. 2007, c. 25, creates specific protection for Olympic and Paralympic trade marks.

1.4 Well-Known Foreign Marks

A brand owner may have protectable goodwill in Canada even if it does not do business in Canada. These rights can be enforced through passing-off actions (see **12.4 Unfair Competition**). The plaintiff will have to establish sufficient evidence of reputation, and courts require strong direct evidence regarding strength of reputation and possible confusion among the local applicable population.

1.5 Term of Protection

The term of protection for trade marks is ten years in Canada.

1.6 Exhaustion of Trade Mark Rights

The Act does not expressly address exhaustion of trade mark rights, but the concept has been considered and recognised by Canadian courts. With respect to trade marks (but not necessarily other forms of IP), Canadian courts appear to have adopted an “international exhaustion” principle, such that if a trade mark owner sells (or

has permitted to be sold; for example, through a distributor) goods under a trade mark, then the owner cannot rely on its Canadian trade marks to prevent the parallel importation of those goods into Canada or their sale in Canada.

However, there are various nuances to this approach. For example, the exhaustion doctrine applies to essentially identical goods. Differences in product formulations, or standards, or even applicable warranties, might make the imported goods sufficiently different from the domestic Canadian goods to allow the trade mark to prevent the parallel importation of the foreign goods.

1.7 Symbols to Denote Trade Marks

There are no formal marking requirements, but typically owners use TM to indicate that they assert common law rights and ® to indicate the mark is registered. Owners should not use ® if the mark is not registered in Canada.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

Registered and unregistered trade marks can be transferred. The Registrar will record the transfer of an application or registration on the applicant’s or registrant’s request, or on the transferee’s request with sufficient evidence of the transfer. Transfers do not have to be in writing, but it is a best practice to have a written transfer that documents the transfer and that can be filed with the Registrar if needed. The Registrar does not approve transfers, it merely records them.

2.2 Licensing Requirements or Restrictions

A trade mark is generally only valid as long as it is distinctive of its owner. When someone else uses a trade mark, there is a possibility that the trade mark's distinctiveness will be eroded. Section 50 of the Act protects the distinctiveness of a licensed trade mark by deeming that the licensee's use of a trade mark by itself has the same effect as use by the trade mark's owner, provided that the owner maintains and exercises direct or indirect control over the character or quality of the goods or services at issue. If notice is given of the owner's identity and that the use of a trade mark is licensed, it is presumed that the use is licensed by the trade mark's owner and the character or quality of the wares or services is under the owner's control (there can still be an effective licence without those elements, but it does not benefit from the presumption). Section 50 therefore preserves the distinctiveness of a licensed mark by attributing any use of the trade mark to the owner.

Section 50 does not require the licence to be in writing, nor does it specify any form for the agreement. Nonetheless, a written licence helps evidence the existence of a licence and reduces the likelihood of future disputes. Licences can be implied in some situations, but it is risky to rely on informal and unwritten licences – courts have expunged trade marks that were used by multiple entities without a clear licence, even within the same corporate family. The licence can also be formally recorded with the Registrar to avoid disagreements and to publicly display the licence, but there is no obligation to do so.

Some practical tips regarding trade mark licences are:

- give public notice of the licence by requiring a notice to be displayed with the licensed goods and/or services;
- specify standards of use in the licence;
- maintain the right to terminate the licence; and
- set out inspection and verification rights in the licence.

2.3 Registration or Recording of the Assignment

A trade mark is a form of property and you can sell, bequeath or transfer your trade mark rights to someone else through an assignment. It is not necessary to register a trade mark assignment with the Registrar to perfect an assignment. A transfer of a registered trade mark may even be inferred from the facts, even though the registered owner had not executed a formal written transfer. The Act contains no provision to make registration of a transfer mandatory or rendering a prior unregistered assignment void as against subsequent registered assignments.

It is advisable to formally record with the Registrar changes in ownership to avoid ownership disagreements.

2.4 Other Requirements for Licences or Assignments to be Valid

Section 48(1) of the Act states that a trade mark can be assigned in connection with, or separately from, the goodwill of the business, and in respect of all or some of the applicable goods and services. However, that section does not prevent a trade mark from being held not to be distinctive if the transfer resulted in multiple persons having rights in and using confusing trade marks.

2.5 Assigning or Licensing Applications

A pending trade mark application can be assigned. An unregistered trade mark (including one that is the subject of an application) can be licensed. Registration no longer requires use in Canada, so applications no longer have to distinguish between prior use and proposed use.

2.6 Trade Marks as Security

Trade mark owners may grant security interests in their trade marks, and CIPO will, upon request and payment, annotate a trade mark record with the existence of a security agreement. This annotation merely serves as public notice that there is a security agreement; it does not by itself create or perfect an enforceable security interest in, or other encumbrance on, the trade mark (that must be done under applicable provincial legislation). Similarly, there is no CIPO mechanism for discharging a security interest recorded against a trade mark; it will merely annotate the record to indicate that the security interest has been released.

If a debtor trade mark owner is in default under a security agreement that gives the secured party an enforceable security interest in the trade mark, the secured party will have the rights and remedies set out in the security agreement and available under the applicable provincial legislation.

3. Registration

3.1 Trade Mark Registration

Registration is not a requirement for obtaining trade mark rights in Canada (see the Registered Versus Unregistered Trade Marks section of 7.2 Legal Grounds for Filing Infringement Lawsuits).

3.2 Trade Mark Register

CIPO is Canada's national trade mark office. Trade marks are registered with the Registrar. CIPO operates an [online database of trade marks](#) in English and French. There is one register for all trade marks.

Domain names need to be registered with the [Canadian Internet Registration Authority](#) (CIRA). The registrant is responsible for determining whether its domain name registration infringes or violates someone else's rights. It is possible to check for existing domain names on [WHOIS](#), and to check against the reserved and restricted domain names in the CIRA Registry.

It is common practice to search CIPO's trade mark database for existing registrations or prior-filed applications that might pose an obstacle to registering a new application, or might create a risk in using the new trade mark. It is more challenging to search for and identify unregistered marks that might be a barrier to registering and using a new trade mark; possible sources of information include corporate name registries and general internet searches.

3.3 Term of Registration

A trade mark is valid for an initial period of ten years upon registration. The registration of the mark may be renewed for further periods of ten years. Trade mark owners are permitted to renew their trade mark registration within six months in advance of the renewal date. The fee for online renewal of a trade mark is CAD421.02 for the first Nice class of goods or services, plus CAD131.58 for each additional class. The fee for paper renewal of a trade mark is CAD526.29 for the first Nice class of goods or services, plus CAD131.58 for each additional class.

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If the initial period or a renewal period expires and the renewal fee has not been paid, the Registrar will notify the registered owner that the registration will be expunged if the renewal fee is not paid within six months after the expiry. The Registrar will expunge the registration if the renewal fee is not paid within the prescribed period.

Up until the 2019 amendments to the Act, Canadian trade marks were issued for 15 years upon registration. As a result, there are many registered trade marks that will not need to be renewed for more than ten years.

3.4 Updating or Refreshing Registrations

Changes to registration-related details (appointment or change of trade mark agent, change of owner's name or address, etc) can be made simply through written request. Amalgamations (where the registered owner merges with another entity into a new owner entity) are treated as name changes, and can be recorded by filing the amalgamation documents.

Changes in ownership can be recorded by filing the assignment document (see 2. **Assignment and Licensing**).

The registered owner may apply for goods or services to be removed or added to an existing registration at any time. An application to extend the statement of goods and services is treated as a new application to register the trade mark in association with those goods and services, and is subject to the standard examination and publication procedures (see 4. **Applying for a Trade Mark Registration**).

4. Applying for a Trade Mark Registration

4.1 Application Requirements Procedures to Register a Trade Mark

Filing

Applications must include the following:

- the name and mailing address of the applicant (which can be an individual, corporation or other legal entity);
- a representation or description, or both, of the trade mark (which can be a word mark, logo, mode of packaging, colour, three-dimensional shape, hologram, moving image, sound, scent, taste, texture, and other types of marks);
- a statement in specific and ordinary commercial terms of the goods and services associated with the trade mark (see below for more information), grouped according to the Nice Classification System;
- the application fee;
- any convention priority claims; and
- any other requirements specific to the type of trade mark sought to be registered.

The application must provide a statement in ordinary commercial terms of the goods or services in association with which the trade mark is used or proposed to be used.

The application must also group all the goods or services according to the classes of the Nice Classification System. Multi-class applications are permitted. Goods and services descriptions may be taken directly from CIPO's approved list of descriptions, which will speed up the application process. It is also possible for an application to provide an alternative description in ordinary commercial terms, although this often results

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in office actions (especially if the description is broad).

It is no longer necessary in Canada to file any use claims, and it is not necessary to file any specimens of use.

Filing date issued

If everything is in order with the application, CIPO will assign a filing date and an application number. Online applications are normally entered into the Canadian Trademarks Database seven business days from filing, while paper applications normally take 20 days from filing to be entered.

Examination

The application is then assigned to an examiner for the purposes of determining whether the application complies with the requirements of the Act.

The examiner will review the application and raise any objections through an office action (letter of objection), setting out the reasons for the objections and providing a time limit (normally six months) within which the applicant must respond to them.

If the applicant is unable to provide a proper response to the examiner's report within the time limit, the examiner may request an extension. However, in general, extensions are not granted unless the applicant demonstrates "exceptional circumstances" justifying why it is not possible to file a proper response to an examiner's report.

The examination process ends once the trade mark has been approved and a pre-publication verification has not revealed any similar marks and the trade mark is published in the Trademarks Journal.

Response

As mentioned above, the applicant must respond to an examiner's report within the required time limits. If the applicant fails to do so, the application will become abandoned. However, prior to abandonment, the Registrar will attempt to notify the applicant of the pending abandonment, and give the applicant a short amount of time (typically two months) to remedy the default.

A proper response is one that satisfies CIPO's correspondence requirements and addresses or answers all the objections raised by the examiner. The Office requires that such a response must deal with:

- all statutory objections;
- all formal discrepancies; and
- any other requirements or recommendations set out in the initial examiner's report.

If the applicant's response to the office action is insufficient, the examiner will issue a further report and the applicant will be given another period of time (typically six months) to respond to the second office action. Failure to overcome all issues after the second report typically results in rejection of the application.

Approval/Rejection

If the application is approved, CIPO will send the applicant a formal notice of approval. If the application is refused, CIPO will send the applicant a report explaining why. Refusals may be appealed to the Federal Court of Canada.

Advertisement

If the application is approved, it will be published in the Trademarks Journal on CIPO's website. Third parties will be able to oppose the application for up to two months after the date of advertisement.

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Opposition is a complex and often long process. Opposition proceedings are adversarial in nature and similar to court proceedings. Both parties may file evidence and written representations, cross-examine the evidence of the other party, and appear at an oral hearing. If the opposition is successful, the application could be completely or partially refused.

Registration

If there is no opposition to the application, or if an opposition is rejected, the application will proceed to registration. CIPO will send the applicant a certificate of registration, and will enter the trade mark in the Register of Trademarks.

Renewal

Trade mark registrations in Canada are issued on a ten-year basis. To maintain the registration, the applicant must pay a renewal fee every ten years.

Registrable Trade Marks

Please see **1.2 Types of Trade Marks**.

4.2 Use in Commerce Prior to Registration

Recent amendments to the Act have removed “use” as a prerequisite to registration in Canada. Applicants may claim goods and services that are currently not being “used”. As a result, being the first to file an application will be very important. However, a registration can still be removed for non-use.

4.3 Series Mark Registrations

The Canadian system does not allow for the registration of series marks.

4.4 Consideration of Prior Rights in Registration

CIPO conducts a search to consider whether there are other potentially confusing marks on the Register of Trademarks. It is therefore advisable for applicants to do a search of existing trade marks to check whether the proposed trade mark is similar to a mark in which a third party has rights. A proper search will look for variations of the trade mark. For example, a search for a standard character trade mark (word or words) should look for all possible spellings, including in French.

The owner of a prior registration can provide a letter of consent; however, that letter will not be definitive. The examiner must still consider whether the marks are confusing, regardless of whether an existing registrant consents.

The owner of a prior registration can also assign that registration to the applicant. This should resolve the confusion objection regarding that registration.

4.5 Consideration of Third-Party Rights in Registration

A third party may file a notice of third-party rights, advising the examiner that the third party believes the application is confusing with the third party’s prior rights. The notice may be filed at any time before a trade mark is registered. Anyone may file the notice, but the notice may only inform the registrar of:

- confusion with a registered trade mark;
- notice of entitlement under the Act; or
- that the application is using a registered trade mark to describe goods or services in the application.

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4.6 Revocation, Change, Amendment or Correction of an Application

It is possible to revoke, change, amend or correct an application for a trade mark during the process of registration, although only limited changes are permitted. The extent of the changes depends on the stage of the application. For example, depending on the circumstances, it may be possible to amend an application to:

- amend the identity of the applicant due to an assignment or name change;
- amend the applicant's address;
- amend the representation or description of the mark prior to advertisement;
- narrow the scope of the goods or services; and
- divide the application.

4.7 Dividing a Trade Mark Application

Applications can be divided before or after advertisement. This is often done to allow non-objectionable portions of an application to proceed while the objectionable portions are being argued with the examiner or opponent. The requirements are that the original application be active, the division application contains all required information, and the required fee be paid with the division application.

4.8 Incorrect Information in an Application

Providing incorrect information may jeopardise an application or registration. The decision can be made by CIPO during opposition or other proceedings, or by the courts in enforcement or expungement proceedings.

4.9 Refusal of Registration

Common grounds of refusal include the following.

Names and Surnames

A trade mark may not be registered if it is nothing more than a name or surname. An exception is if the applicant demonstrates that its goods or services have become well known under the name or surname so that the word has acquired a secondary meaning.

Clearly Descriptive Marks

A trade mark that clearly describes a characteristic or quality of the associated goods or services is not registrable. For example, the words "sweet" for ice cream and "juicy" for apples could not be registered as trade marks, as these are natural characteristics of the items. However, this prohibition can also be overcome if the applicant demonstrates that the mark has acquired a secondary meaning.

Deceptively Misdescriptive Marks

A trade mark that is deceptively misdescriptive is also not registrable. For example, an applicant could not register "cane sugar" for confectionery sweetened with artificial sweetener or "air express" for a courier service that only uses ground transportation.

Place of Origin

An applicant must not register a trade mark that describes the geographical location where the goods or services come from. For example, an applicant cannot register the word "Italy" for lasagne. Likewise, an applicant cannot register a word that misleads the public into thinking that the goods or services come from a certain place when they do not. For example, an applicant could not register "Paris Fashions" or "Denmark Furniture" as a trade mark for goods or services if they did not come from there.

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Words in Other Languages

An applicant must not register a trade mark that is the name, in any language, of the goods or services associated with the trade mark. For example, an applicant would not be able to register the word “gelato” for ice cream or “wurst” for sausage.

Confusing with a Registered or Pending Trade Mark

An applicant must not register a trade mark that is confusing with another trade mark that is registered or is the subject of a previously filed application. Trade mark examiners consider several factors when determining confusion, including:

- the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- the length of time the trade marks or trade names have been in use;
- the nature of the goods, services or business;
- the nature of the trade; and
- the degree of resemblance between the trade marks or trade names, including in appearance or sound, or in the ideas suggested by them.

Trade Marks that Are Identical to, or Likely to Be Mistaken for, Prohibited Marks

An applicant must not register a trade mark that is identical or similar to certain official marks without permission from the organisation that controls the mark. Examples of such official marks include:

- official government designs;
- coats of arms of the Royal Family;
- badges and crests such as those of the Canadian Armed Forces and the letters RCMP (Royal Canadian Mounted Police);

- emblems and names of the Red Cross, the Red Crescent, and the United Nations;
- armorial bearings, flags and symbols of other countries; and
- symbols of provinces, municipalities and public institutions.

Not Inherently Distinctive

Recent amendments to the Act have allowed examiners to object to a trade mark that is not inherently distinctive. A registered trade mark is distinctive if it distinguishes the goods and services of the applicant from the goods and services of others.

4.10 Remedies Against the Trade Mark Office

An applicant may appeal to the Federal Court of Canada for the refusal of an application. Evidence for the hearing must be presented by affidavit or statutory declaration and should be made by an affiant having first-hand knowledge of the situation. It is incumbent upon the applicant to produce the best evidence available.

4.11 The Madrid System

Canada participates in the Madrid protocol.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Please refer to 5.4 Opposition Procedure for timelines.

5.2 Legal Grounds for Filing an Opposition

Trade mark applications can be opposed for any of the following reasons:

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- the application does not comply with the requirements regarding the contents of the application;
- the application was filed in bad faith;
- the trade mark is not registrable;
- the applicant is not the person entitled to registration;
- the trade mark is not distinctive;
- at the filing date of the application in Canada, the applicant was not using, or did not propose to use, the trade mark in Canada in association with the goods or services specified in the application; and
- at the filing date of the application in Canada, the applicant was not entitled to use the trade mark in Canada in association with those goods or services.

Canada does not specifically recognise “dilution”, but has a similar cause of action for “depreciation of goodwill”. This is not a ground of opposition, but it allows a registered trade mark owner to sue a third party who uses the registered trade mark in a manner that is likely to have the effect of depreciating the value of the goodwill in that trade mark.

5.3 Ability to File an Opposition

Any person is entitled to start an opposition, provided that such person relies on at least one of the grounds of opposition. Any number of persons can be named jointly as opponents. Opponents do not need legal representation, but legal representation is advisable due to the complex nature of opposition proceedings. The office fees to initiate an opposition are approximately CAD790. The opponent does not need to hold a trade mark or a trade mark registration.

5.4 Opposition Procedure

The opposition procedure is as follows.

- *Filing a statement of opposition* – The opponent must file a statement of opposition within two months of the advertisement of the trade mark. If the deadline is missed, a retroactive extension to oppose may be requested but will not be granted unless the potential opponent can establish that its failure to oppose the application prior to the deadline was not reasonably avoidable. A fee must accompany the request.
- *Filing a counterstatement* – The applicant must file a counterstatement within two months after the date on which the copy of the statement of opposition was forwarded to the applicant. If the deadline is missed, a retroactive extension may be requested to prevent the application from being deemed abandoned. A fee must accompany the request and the other side must be copied.
- *Filing evidence in support of opposition* – The opponent has four months from the effective date of service of the applicant’s counterstatement to file evidence in support of its opposition.
- *Cross-examination* – The applicant may request cross-examination of the opponent’s affiants. If the request is made within two months after the evidence has been filed, the applicant’s deadline for filing its evidence will be extended.
- *Filing evidence in support of application* – The applicant has four months from the effective date of service of the opponent’s evidence or completion of cross-examination (if the cross-examination request was made within the two-month window described above) to file evidence in support of its application.
- *Cross-examination* – The opponent may request cross-examination of the applicant’s affiants.
- *Filing further evidence in reply to evidence in support of opposition* – The opponent has

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one month from the effective date of service to the applicant's evidence to submit and serve evidence in reply (if any).

- *Opponent's written representations* – The time within which the opponent may submit and serve its written representations or statement that no representations will be submitted is two months from the date of the Registrar's notice inviting parties to submit and serve written representations.
- *Applicant's written representations* – Where the opponent has submitted and served written representations within the prescribed time, the applicant may submit and serve its written representations two months from the effective date of service of the opponent's written representations. Where the opponent has not submitted and served written representations within the prescribed time, the applicant may submit and serve its written representations two months from the expiry of the opponent's deadline to submit and serve its written representations.
- *Hearing* – Where the applicant has submitted and served its written representations on the opponent within the prescribed time, a party must give the Registrar written notice of its request for hearing one month from the effective date of service of the applicant's written representations. Where the applicant has not submitted and served its written representations within the prescribed time, a party must give the Registrar written notice of its request for hearing one month from the expiry of the applicant's deadline to submit and serve its written representations.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

A party to the opposition may appeal the opposition decision by filing an appeal at the Federal Court within two months from the date on which

notice of the decision was dispatched by the Registrar.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

Refer to 6.4 Revocation/Cancellation Procedure for timelines.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Section 45 of the Act allows anyone to request that a trade mark registration be removed (expunged) from the Register of Trademarks if the owner is unable to show use of the trade mark in Canada during the three-year period preceding the date of the Section 45 notice, and there are no special circumstances justifying the lack of use.

Section 57 of the Act gives the Federal Court the exclusive jurisdiction to order that any entry in the Register of Trademarks be struck out on the grounds that the register does not accurately express the rights of the person appearing to be the registered owner of the trade mark. This section allows for broad inter partes expungement proceedings where issues such as ownership, distinctiveness or abandonment of a registered trade mark may be raised before the Federal Court. The following is a non-exhaustive list of grounds for expungement that may be raised in the Federal Court:

- the trade mark was not registrable as of the date of its registration;
- the trade mark is not distinctive on the date the expungement proceedings are commenced;

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- the trade mark has been abandoned;
- the registered owner was not the person entitled to secure its registration proceedings were instituted; and
- the application for registration was filed in bad faith.

6.3 Ability to File a Revocation/Cancellation Proceeding

Under Section 45, any person can apply to have a trade mark registration that has been registered for a period of three years or more expunged.

Section 57 gives any “person interested” the right to apply to the Federal Court to order that a trade mark registration be struck. A “person interested” includes any person whose rights may be restricted or affected by a registration.

6.4 Revocation/Cancellation Procedure Section 45 Proceedings

Section 45 proceedings are solely used for the expungement of trade marks that are not in use in Canada. The requesting party files a written request asking the Registrar to forward a Section 45 notice to the registered owner of a trade mark. The fee for a Section 45 notice at present is CAD407,18. The requesting party may request that the Registrar limit the Section 45 notice to particular goods or services set out in the registration.

The owner of the trade mark registration is then provided with an opportunity to file and serve evidence in the form of affidavits or statutory declarations. The registered owner must furnish and serve evidence within three months from the date of the Section 45 notice. There is no right to cross-examine on the evidence filed in a Section 45 proceeding.

The evidence furnished in response to the Section 45 notice should demonstrate:

- use of the registered trade mark in Canada at any time during the three-year period immediately preceding the date of the Section 45 notice (the relevant period) with respect to each of the registration’s goods or services specified in the Section 45 notice; and (if not)
- the date when the registered trade mark was last used in Canada and the reason(s) for the absence of use since that date.

The affidavit or statutory declaration must contain sufficient facts to support a conclusion that the trade mark has been used in Canada by the registered owner or an assignee. In cases where the trade mark was not in use at any time during the relevant period, the affidavit or statutory declaration should indicate the date the trade mark was last in use and the reason(s) for the absence of use since that date. In order for the registration not to be expunged, the Registrar must be satisfied that there were “special circumstances” excusing the absence of use during the relevant period. “Special circumstances” means circumstances or reasons that are unusual, uncommon, or exceptional.

Once the owner of the trade mark registration serves and files evidence, the Registrar will give the parties notice that they may submit and serve written representations sequentially. Written representations are not required in Section 45 proceedings. If neither party submits and serves written representations within the respective deadlines, or requests a hearing, the Registrar will proceed to issue the final decision. The time within which the requesting party may submit and serve its written representations, or a statement that no representations will be submitted, is two months from the date of the Reg-

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Registrar's notice inviting parties to submit and serve written representations. The registered owner may submit and serve its written representation two months from the effective date of service of the requesting party's written representation or, where the requesting party has not submitted and served written representations within the prescribed time, two months from the expiry of the requesting party's deadline to submit and serve its written representations.

Either party may make oral representations at a hearing if it files a request to be heard. A party's request to be heard may be conditional on the other party also requesting to be heard. If neither party files a request to be heard, a decision will be issued based on the written representations. The time within which a party must give the Registrar written notice of its request to be heard is one month from the effective date of service of the registered owner's written representations or, where the registered owner has not submitted and served written representations within the prescribed time, one month from the expiry of the registered owner's final deadline to submit and serve its written representations.

Once the file is ready to be scheduled for a hearing, the Registrar will issue a notice to the parties setting out the time, date, location, manner and duration of the hearing. The Registrar will issue a notice advising parties of the scheduled hearing date at least 90 days prior to the hearing date.

Once all the stages are complete, the Registrar will render a final decision in writing to maintain, amend or expunge the registration. The decision will be sent to the registered owner and the requesting party in accordance with Section 45(4) of the Act. The decision of the Registrar to maintain, expunge or amend the registration may be appealed to the Federal Court.

Section 57 Proceedings

Proceedings under Section 57 may be made by the filing of an originating notice of motion, by counterclaim in an action for the infringement of the trade mark, or by statement of claim in an action claiming additional relief under the Act. The procedure that will follow in the Federal Court depends on the nature of the proceedings.

The Federal Court will only order a trade mark to be struck from the Registrar if at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the registered owner of the trade mark. The relevant date for assessing the accuracy of the rights appearing in the Registrar is the day the application challenging the right was made.

An officer of the Registry of the Federal Court shall file with the Registrar a certified copy of every judgment or order made by the Federal Court, the Federal Court of Appeal or the Supreme Court of Canada relating to any trade mark on the register or to any protected geographical indication. It is nonetheless recommended to obtain a certified copy of the Federal Court judgment and forward it to the Registrar's office with a letter requesting that the Registrar take notice of the judgment and effectuate the modification ordered in it.

6.5 Partial Revocation/Cancellation

A party can seek to cancel only part of a Canadian trade mark registration.

6.6 Amendment in Revocation/Cancellation Proceedings

No information is available in this jurisdiction.

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6.7 Combining Revocation/Cancellation and Infringement

An invalidity attack on a registration is often heard concurrently with an infringement claim; however, one may seek to invalidate a trade mark registration without a corresponding infringement claim.

6.8 Measures to Address Fraudulent Marks

A party may seek to invalidate a registration on the basis of fraudulent misrepresentations.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The Trademarks Act does not include an express limitation period for civil actions. However pursuant to section 39 of the Federal Courts Act, the applicable limitation period for trade mark proceedings may be governed by a provincial law (usually two years) if the full scope of infringement occurs in that province alone. Alternatively, the limitation period may be governed by federal law (six years) if infringement arises otherwise than in a single province.

7.2 Legal Grounds for Filing Infringement Lawsuits

Causes of Action

Pursuant to Section 19 of the Act, the registration of a trade mark gives the owner of that registration the exclusive right throughout Canada to use that trade mark in respect of those goods and services in association with which it is registered. A cause of action for infringement arises when another party encroaches on this exclusive right by using an identical mark on the same goods or services.

Infringement is also deemed to occur pursuant to Section 20 of the Act by any person who is not entitled to use the trade mark and who:

- sells, distributes or advertises any goods or services in association with a confusing trade mark or trade name;
- manufactures, causes to be manufactured, possesses, imports, exports, or attempts to export, any goods in association with a confusing trade mark or trade name, for the purpose of their sale or distribution;
- sells, offers for sale or distributes any label or packaging, in any form, bearing a trade mark or trade name, if:
 - (a) the person knows, or ought to know, that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trade mark; and
 - (b) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trade mark or trade name; or
- manufactures, causes to be manufactured, possesses, imports, exports, or attempts to export, any label or packaging, in any form, bearing a trade mark or trade name, for the purpose of its sale or distribution or for the purpose of the sale, distribution or advertisement of goods or services in association with it, if:
 - (a) the person knows, or ought to know, that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trade mark; and
 - (b) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale,

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distribution or advertisement in association with a confusing trade mark or trade name.

Section 7(b) of the Act also allows a registered trade mark owner to bring an action for passing off. Passing off will be described below as it is also a cause of action available under the common law for unregistered trade marks.

Dilution

Although there is no specific “dilution” remedy in Canada, Section 22(1) of the Act provides a similar remedy. This section prohibits any person from using another person’s registered trade mark in a way that is likely to have the effect of depreciating the value of the goodwill attached to it (potentially including by dilution). The claimant must show that:

- the defendant used the claimant’s mark or potentially a mark that is “sufficiently similar” (albeit the case law on whether “sufficiently similar” is enough is not yet settled);
- the claimant’s mark is well known enough to have significant goodwill;
- the claimant’s mark (or sufficiently similar mark) was used by the defendant in a way that is likely to affect that goodwill; and
- the likely effect is to depreciate that goodwill.

Registered Versus Unregistered Trade Marks

The primary difference between causes of action for registered and unregistered trade marks is that a registered trade mark holder may avail themselves of any cause of action in the Act (Sections 19, 20, 22 and 7) against an infringer anywhere in Canada, while the holder of an unregistered mark is limited to a cause of action under common law for passing off and only in the geography where their goodwill extends – ie, where the mark has become recognized

A pure common law passing-off claim, as a matter relating to property and civil rights, can only be brought in a provincial superior court. However, the same cause of action has been codified in Section 7 of the Act, placing it into the jurisdiction of the Federal Court as well.

In either case, an action for passing off enables a party to protect the goodwill in their mark. A successful claim for passing off requires three key elements:

- existence of goodwill in the mark;
- deception of the public due to a misrepresentation; and
- actual or potential damage caused by this deception.

Goodwill

To show goodwill under the first element, the claimant must establish that its mark has become known in the market and has acquired a reputation. Goodwill may have been created through the exclusive association of the name, mark or other indicia relied upon with its business, wares or services. While “fame” is not a requirement, a court will want to take that factor into consideration, as well as more general factors, such as the degree of recognition of the mark, the volume of sales, the depth of market penetration of products associated with the mark, the extent and duration of advertising of the mark, the geographic reach of the mark, the mark’s inherent or acquired distinctiveness, whether products associated with the claimant’s mark are confined to a narrow or specialised channel of trade or move in multiple channels, and the extent to which the mark is identified with a particular quality.

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Misrepresentation

Misrepresentation occurs when there is use of a mark or name, likely to result in consumer confusion or mistake, whereby the average consumer confuses the goods and/or services of the owner with those of the alleged infringer, or the average consumer improperly concludes there is an affiliation with the owner's goods and/or services and those of the alleged infringer.

Damage

There must be actual, or a real likelihood of, damage. Damages may be shown as lost profits, loss of market share, or loss of control of a trade mark or trade name.

Cybersquatting

CIRA has also developed a domain name dispute resolution policy (CDRP) that applies to resolve disputes and infringements concerning Canadian domain names (those ending in.ca). The CDRP applies where a Canadian domain name is confusingly similar to a mark to which the complainant had rights, where the registrant had no legitimate interest in the domain name, and where the registrant registered the domain name in bad faith.

7.3 Parties to an Action for Infringement

Generally, the parties to an action for infringement are a trade mark owner, whether registered or not, and an infringer. Beyond this, pursuant to Section 50(3) of the Act, and subject to any agreement subsisting between an owner of a trade mark and a licensee of the trade mark, the licensee may call on the owner to take proceedings for infringement. If the owner refuses or neglects to do so within two months of being so called on, the licensee may institute proceedings for infringement in the licensee's name as if the licensee were the owner, making the owner a defendant.

Prior to registration, the owner of a mark may protect its rights by bringing an action for passing off under common law, as discussed above.

7.4 Representative or Collective Actions

Class proceedings are generally permitted in Canada where appropriate.

The Federal Court of Appeal has considered class actions in the intellectual property space, albeit in the context of copyright law, and stated that the objectives of such actions are:

- facilitating access to justice through the distribution of legal fees across a large number of class members;
- conserving judicial resources by reducing unnecessary duplication in the fact-finding and legal-analysis process; and
- modifying harmful behaviours by ensuring that actual and potential wrongdoers take into full account the harm they are causing or might cause.

In determining whether it is appropriate to certify a class action, the Court confirmed that "the primary question to be answered is whether the class proceeding would be a fair, efficient, and manageable method of advancing the claim." The Court also noted that the novelty of a class action is not a reason to deny certification, thus keeping the cause action available for trade marks.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites to filing a lawsuit and currently no restrictions on a trade mark owner asserting its rights against others. Although not yet in force, an amendment to the Act stipulates that a trade mark owner that makes an application claiming that an act has been performed

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contrary to Section 19, 20 or 22 will only be entitled to relief if it had used the trade mark in Canada within three years following registration or special circumstances exist excusing non-use.

The same remedies are available to registered and unregistered trade mark owners. The Act provides that a court may make any order it considers appropriate, including damages, profits, punitive damages, injunctive relief, destruction or delivery up of infringing material.

An alleged infringer may counterclaim or bring an action seeking to invalidate any asserted trade mark registration. A defence to any action based on a trade mark registration is to show that the registration is invalid (per Section 18(1) of the Act).

7.6 Initial Pleading Standards

There are no special provisions for lawsuits in trade mark proceedings. Claims must disclose a reasonable cause of action and be sufficiently particularised. It is possible to provide particulars or request an amendment to a pleading if the pleading is deficient such that the defendant cannot respond.

A defendant in a trade mark action can initiate a counterclaim; for example, to allege that the trade mark is invalid and should be expunged.

7.7 Lawsuit Procedure

Trade mark enforcement proceedings can be commenced at the Federal Court or the relevant provincial superior court. The most common way to commence an infringement proceeding is through an action, but an application may also be used. Warning, or cease and desist, letters may be employed, but are not necessary.

The Federal Court has jurisdiction to hear and determine proceedings under any section of the Act, including claims of passing off under Section 7. Claims of passing off under common law may only be brought before provincial courts. Most IP infringement cases in Canada are tried in Federal Court and the Federal Court has exclusive jurisdiction to strike out a registered trade mark, which is a common counterclaim brought in trade mark proceedings.

If the proceeding involves a smaller sum of money, parties may proceed by way of a simplified action. Claims for less than or equal to CAD100,000 may be brought as a simplified action.

An appeal of a decision of the Federal Court is to the Federal Court of Appeal as of right. An appeal from the Federal Court of Appeal is to the Supreme Court of Canada, with leave. An appeal from a provincial court may be taken to a provincial court of appeal or a district court, and further appeals are also to the Supreme Court with leave.

Parties do not need to be represented by a lawyer. However, in Federal Court, a corporation, partnership or unincorporated association must be represented by a solicitor unless the Court grants leave, in special circumstances, for it to be represented by an officer, partner or member. Similarly, a corporation must be represented by a lawyer in the Ontario Superior Court except with leave of the court.

7.8 Effect of Trade Mark Office Decisions

Office actions and decisions of the trade marks office may also be considered as “other surrounding circumstances” in a confusion analysis, but are not determinative in a court proceeding.

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7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

Pursuant to Section 53.2(1) of the Act, an “interested person” may request relief, including a declaration of non-infringement. The “interested person” must demonstrate a reasonable apprehension that its interest has been, or may be, affected, to request such relief.

7.10 Counterfeiting

Trade mark owners in Canada bear the responsibility for actively policing the market and initiating steps to address counterfeit activities. Trade mark owners can seek declaratory relief, an injunction and damages, which may be an accounting of profits derived from the trade mark infringement. The court may also award punitive damages. Trade mark owners may request the assistance of the Minister of Public Safety and Emergency Preparedness in pursuing remedies with respect to goods imported or exported in contravention of Section 51.03 of the Act. The request is valid for two years, beginning on the day on which it is accepted by the Minister.

Trade mark owners may also request assistance from the Canada Border Services Agency, which may temporarily detain suspected counterfeit and pirated goods that are found at the border.

The Act strictly disallows the importation or exportation of goods that bear the mark of an owner of such registered trade mark (Section 51.03(1)).

The Combating Counterfeit Products Act includes an offence provision in the Trademarks Act, which states: “51.01(1) Every person commits an offence who sells or offers for sale, or distributes on a commercial scale any goods in association with a trademark if that sale or distri-

bution is or would be contrary to section 19 or 20 and that person knows that; (a) The trademark is identical to or cannot be distinguished in its essential aspects from a trademark registered for such goods; and (b) The owner of that registered trademark has not consented to the sale, offering for sale or distribution of the goods in association with the trademark.”

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no special provisions for trade mark proceedings. Civil cases are determined by a judge alone and there is no true forum shopping; the parties cannot influence who the decision-maker will be.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

Infringement under Sections 19 and 20 of the Act requires proof that the defendant had used the trade mark as a trade mark; that is, as an indicator of source of the associated product or service.

Depreciation of goodwill under Section 22 requires deemed use of the trade mark as set out in Section 4 of the Act but does not require the trade mark to have been used as an indicator of source (eg, certain comparative advertising may be caught under, and be in contravention of, Section 22).

8.3 Factors in Determining Infringement

For infringement to occur, the infringing use must have been use as a trade mark in the normal course of business. Section 19 of the Act prohibits the use of a mark that is identical to a registered trade mark on identical goods or

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services. Section 20 is broader and prohibits the use of confusingly similar marks by deeming confusing use to be an infringement. The following factors, established in Section 6(5) of the Act, are assessed for the purposes of confusion:

- the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- the length of time the trade marks or trade names have been in use;
- the nature of the goods, services or business;
- the nature of the trade; and
- the degree of resemblance between the trade marks or trade names, including in appearance or sound, or in the ideas suggested by them.

On top of the above factors, the Act also states that “all surrounding circumstances” should be considered in a confusion analysis. Such circumstances may include the fame of the mark.

8.4 Elements of Other Trade Mark Claims

As noted in 7.2 **Legal Grounds for Filing Infringement Lawsuits**, there is no dilution remedy in Canada but acts that cause a depreciation of the goodwill attaching to a trade mark, which may include acts of dilution, are caught under Section 22 of the Act.

Also as noted in 7.2 **Legal Grounds for Filing Infringement Lawsuits**, cybersquatting is an issue that may be dealt with before CIRA under its CDRP procedure.

8.5 Effect of Registration

Please refer to the Registered Versus Unregistered Trade Marks section of 7.2 **Legal Grounds for Filing Infringement Lawsuits**.

Registered trade marks enjoy stronger and clearer legal protection. Such marks are presumed valid unless proven otherwise by the defendant, whereas there is no common law presumption of rights in unregistered marks.

A registered trade mark owner bringing an infringement action does not need to show the geographic scope of its accrued goodwill, while an unregistered mark holder must do so in a passing-off claim. A claim of infringement of a registered trade mark may be brought irrespective of where in Canada the mark was used. Claims of passing off of unregistered marks are limited to the geography where goodwill in those marks exists.

Furthermore, the validity of registered trade marks may be incontestable in certain circumstances: pursuant to Section 17(2) of the Act, in proceedings commenced after the expiry of five years from the date of registration of a trade mark, no registration may be held invalid on the ground of previous use or making known, unless it is established that the registered trade mark owner adopted the mark with knowledge of that previous use or making known.

8.6 Defences Against Infringement

The following defences may be raised:

- non-use of the mark by the defendant as a trade mark in the normal course of a trade;
- invalidity of the asserted trade mark, including due to non-registrability at the date of registration, lack of distinctiveness of the mark when proceedings began, abandonment of the mark, lack of entitlement to the mark, or based on the mark being filed in bad faith;
- right to use as a personal name;
- limitation period;

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- equitable defences, including laches, estoppel, and acquiescence to use; and
- valid registration is a presumptive defence to infringement.

8.7 Obtaining Information and Evidence

A party bringing a claim has the right to obtain full discovery of a defendant or defendants in the normal course of litigation.

An Anton Piller Order may also be obtained, which is akin to a civil search warrant, allowing a plaintiff to collect evidence from a defendant.

A Norwich Order may also be obtained to compel information from a third party prior to starting a claim.

8.8 Role of Experts and/or Surveys

Expert evidence, including surveys, provided by a qualified expert is admissible if it is relevant and necessary to assist the trier of fact.

Based on the guidance in *Masterpeice Inc v Alavida Lifestyles Inc*, 2011 SCC 27, a court will view expert evidence as unnecessary when the casual consumer of the goods or services at issue is not expected to be particularly skilled or knowledgeable and the evidence simply assesses the resemblance of the marks. Surveys can meet the necessity requirement as they can provide empirical evidence of confusion, genericness, or secondary meaning that would not be inherently known to a judge. Surveys will, however, be excluded as irrelevant if they are improperly structured; eg, the questions are incorrectly formulated, or the wrong population is surveyed.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Sections 406 to 414 of Canada's Criminal Code create offences and establish penalties deal-

ing with forgery and passing off of trade marks. Anyone who is guilty of committing an offence is liable to imprisonment for a term not exceeding two years. For guilt to be found, the Crown must prove the wilful intent to deceive or defraud beyond a reasonable doubt. Due to this high burden, there have been very few criminal cases.

The Act includes Section 51.01, which creates offences and establishes a punishment for knowing contraventions of Section 19 or 20 of the Act. The required knowledge is also difficult to prove, and this section is generally unused.

Furthermore, Sections 51.02 to 51.12 establish a regime that may be used to allow customs officers to detain counterfeit goods meant for import or export.

8.10 Costs of Litigating Infringement Actions

The legal costs for bringing an infringement lawsuit to conclusion can be significant and vary depending on the issues in play. Lawyers in Canada usually charge hourly rates.

The Federal Court operates on a tariff system for costs. An unsuccessful party must pay the successful party an amount calculated based on steps taken in the proceeding. The tariff system is out of date, resulting in calculated costs being significantly below actual costs. Therefore, the Federal Court has recently begun issuing lump-sum costs awards to successful litigants that represent around 30% of actual costs.

In contrast to costs, reasonable disbursements of the successful party must be paid in full by the unsuccessful party.

9. Remedies

9.1 Injunctive Remedies

Interim injunction relief may be requested and, if granted, may enjoin a party until an interlocutory injunction request can be heard. An interlocutory injunction may enjoin a party until a full hearing on the merits can occur. To be granted either of these injunctions, a party must show:

- there is a serious issue to be tried;
- that it will be irreparably harmed if the activity continues; and
- that the balance of convenience is in its favour.

Irreparable harm is difficult to show in practice and many requests for such injunctions are unsuccessful. A request for either of these injunctions will also fail if the request is not made expeditiously.

A final injunction is granted in the normal course and is standard relief sought by a plaintiff.

9.2 Monetary Remedies

A trade mark owner may obtain a monetary award in the form of a recovery of damages suffered or as an accounting of profits improperly made by the infringer. Punitive damages may also be available, as well as interest.

9.3 Impoundment or Destruction of Infringing Articles

The destruction or other disposition of any offending goods, packaging, labels and advertising material and any equipment used to produce the goods, packaging label or advertising material is permitted as a remedy.

9.4 Attorneys' Fees and Costs

See 8.10 Costs of Litigating Infringement Actions.

9.5 Ex Parte Relief

A trade mark owner can seek relief without notice to the defendant.

9.6 Rights and Remedies for the Prevailing Defendant

A prevailing defendant is entitled to a portion of its legal costs and a full reimbursement of reasonably incurred disbursements, such as reasonable expert fees. If requested in a counterclaim, a defendant may also obtain a declaration of non-infringement or expungement of the asserted mark, if found invalid.

9.7 Customs Seizures of Counterfeits or Criminal Imports

See 8.9 Trade Mark Infringement as an Administrative or Criminal Offence.

9.8 Different Remedies for Different Types of Trade Marks

There are no different remedies for different trade marks.

10. Resolving Litigations

10.1 Options for Settlement

Parties are encouraged to seek the court's assistance at any time to pursue ADR. The court will also generally raise these mediation options throughout the proceeding, including at those junctures where it would lead to the most efficient and cost-effective disposition of the action, such as the close of pleadings, or immediately following documentary production or oral discoveries, and even at the pre-trial conference.

10.2 Prevalence of ADR

ADR is a common way of settling trade mark issues.

After filing a statement of claim and a statement of defence, the Federal Court strongly recommends that the parties discuss the possibility of mediation during the requisite settlement discussion period pursuant to Federal Courts Rule 257. The parties should also discuss the opportunity of having the case specially managed pursuant to Rule 383. Case management is a system designed to reduce unnecessary delay and cost, facilitate early and fair settlements, and bring cases promptly to a just conclusion. The Case Management Judge or Associate Judge will help the parties determine the opportune time to have a meaningful mediation.

Mediation is an informal process, guided by the mediator. Parties have a chance to present their case and ask questions. The mediator will help explore settlement options and may meet separately with each party during the session.

ADR is also available through commercial services.

10.3 Other Court Proceedings

Parallel litigation is generally avoided, and proceedings may be consolidated in the court that has jurisdiction over all issues. For example, an infringement claim based on a registered mark and initiated in a provincial court may be moved to a Federal Court if a claim is made that the asserted mark is invalid. Only the Federal Court has jurisdiction to invalidate the registered mark.

However, parallel infringement cases in another country is not a basis to stay trade mark litigation in Canada.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

In the case of an interlocutory judgment of a Federal Court, such as regarding an injunction, a notice of appeal to the Federal Court of Appeal must be brought in ten days. In any other case, 30 days are provided.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions.

11.3 Scope of the Appellate Review

An appellate standard of review applies: for questions of law, the standard of review is correctness, and for questions of fact or mixed fact and law, the standard is one of reasonableness.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Original design features of a trade mark, including a logo, may also be protected by copyright and moral rights. Using an identical or confusingly similar logo as a trade mark creates trade mark infringement risk; copying the logo without permission may also create copyright risk.

Section 12(2) of the Act states that a trade mark is not registrable if, in relation to the applicable goods and services in association with which it is used or will be used, its features are dictated primarily by a utilitarian function (that is, if those features are essential to the use or purpose of the applicable goods or services). This provision is meant to ensure that patent rights (which are time-limited) are not extended indefinitely through trade mark protection, and to ensure

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that one trader does not have a monopoly on functional features.

A trade mark that is a surname does not engage moral rights (which are held by creators of original works), though it may engage publicity and personality rights (see **12.3 Rights of Publicity and Personality**). However, the Act holds that a trade mark is not registrable if it is a word that is primarily merely the name or surname of an individual who is living or who has died within the preceding 30 years. The Act also prohibits anyone from adopting in connection with a business, as a trade mark or otherwise, any matter that may falsely suggest a connection with any living individual (Section 9(1)(k)), and any such trade mark is not registrable (Section 12(1)(e)) by anyone other than the living individual.

12.2 Industrial Design

Industrial design rights (which must be registered to be enforceable in Canada) protect a product's unique appearance – features of shape, configuration, pattern and ornament applied to a finished article.

Trade marks are identifiers of source, which distinguish the owner's goods and services from those of others. Designs, colours, three-dimensional shapes and modes of packaging goods, all of which might be protectable as industrial designs, can also be protected as trade marks. However, those trade marks might raise additional issues under the Act. For example, applicants may have to provide evidence that their trade mark is distinctive as of the filing date if the trade mark is the three-dimensional shape of any of the goods specified in the application, or of an integral part or the packaging of any of those goods, or is a mode of packaging goods. And, as noted in **12.1 Copyright and Related Rights**, a trade mark is not registrable if, in relation to

the applicable goods and services in association with which it is used or will be used, its features are dictated primarily by a utilitarian function.

12.3 Rights of Publicity and Personality

Canadian law recognises that celebrities have “personality” and “publicity” rights in their names and likeness that give them the exclusive right to exploit their personality, name and likeness for commercial purposes. These rights arise under the common law in the common law provinces and under the Civil Code in Quebec. There is also some other statutory protection; for example, British Columbia's Privacy Act states that it is a tort, actionable without proof of damage, to use another person's name or likeness to advertise or promote property or services without that person's consent. There are also privacy-related torts, including for “intrusion upon seclusion”, that may allow individuals to enforce rights in their likeness.

Celebrities may also register their names as trade marks in Canada, although it is not necessarily a simple undertaking. Section 12(1)(a) of the Act states that a trade mark is not registrable if it is “primarily merely the name or surname of an individual who is living or who has died within the preceding 30 years”. However, such a trade mark may still be registrable under Section 12(1)(3) if the applicant can prove that the trade mark is distinctive as of the application's filing date, having regard to all the circumstances of the case, including the length of time for which the trade mark has been used.

Section 12(1)(e)'s prohibition against registering a trade mark that falsely suggests a connection with any living individual does not prevent a celebrity from registering their own name as a trade mark; because there is no “false connection” in that situation, the applicant will almost

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certainly have to provide evidence of distinctiveness, as described above.

12.4 Unfair Competition

Canada recognises the common law tort of “passing off”, which can be used to enforce registered and unregistered trade mark rights to protect against unfair competition. At a high level, the tort’s three main elements are:

- the existence of goodwill;
- deception of the public due to a misrepresentation; and
- actual or potential harm to the plaintiff.

This common law tort is also codified in Section 7(b) of the Act.

13. Additional Considerations

13.1 Emerging Issues

Bad-Faith Filings

A trade mark application can be opposed, and a registration can be invalidated, on the basis that the applicant filed the application in bad faith. Issues of bad faith have become more relevant now that use in Canada is no longer a requirement for registration (which means an increased possibility of trade mark squatting). A recent decision shed some additional light on the bad-faith analysis by holding that being willfully blind as to whether the applicant had the right to register the trade mark, and failing to make obvious enquiries on that issue even with knowledge of another business using the brand, was not bad faith.

Distinctiveness/Descriptiveness

As noted in 4.9 Refusal of Registration, the 2019 amendments to the Act added distinctiveness (or lack of it) as a basis of examination and refusal.

Since then, distinctiveness objections have skyrocketed, even for traditional marks (CIPO takes the position that non-traditional marks such as sounds, colours and three-dimensional marks are presumed to be non-distinctive, such that applicants must provide evidence of distinctiveness). These objections can be challenging to overcome. The question of whether a mark has no distinctiveness (not registrable) or low inherent distinctiveness (registrable) is often not easy to decide (or to convince an examiner about), and there will likely continue to be uncertainty around these issues and how to address them.

Prosecution Delays

CIPO’s published performance targets state that 90% of applications should be examined within 22 months after filing. In reality, due to the COVID-19 pandemic and other issues, Canadian trade mark prosecutions continue to be significantly delayed. Applications that do not use pre-approved wording for goods and services are currently being examined about three years after filing, applications using pre-approved wording are being examined about two years after filing, and Madrid applications are being examined about 1.5 years after the WIPO notification of designation. Although prosecution times are slowly improving, the situation means:

- there is a benefit to using pre-approved wording from the Goods and Services Manual, if appropriate wording is available (see 4.1 Application Requirements); and
- the lengthy delay before examination is more reason to conduct pre-clearance searches, as an applicant will not be informed of potentially conflicting marks through an office action until well after the application is filed (and, perhaps, well after the applicant has started using the mark in Canada).

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13.2 Trade Marks and the Internet

Where trade marks are being infringed online, a cease and desist letter can be sent to the website host, and the owner of the website content if discoverable. Sending a letter to the website host puts it on notice of the fact that it is hosting a website that contains material that constitutes trade mark infringement. Such letter to the website host can result in a swift taking down of the website because if, once on notice of infringement, a website host fails to remove the website containing infringing material, the host may be deemed to be facilitating and assisting infringement and, as such, be jointly liable for the infringement. Website hosts will often take down a website after receiving what looks like a well-founded complaint, rather than assessing the complaint's merits and thereby taking the risk of being held jointly liable if they fail to take down the website.

The remedies for online trade mark infringement are the same as any other infringing trade mark actions, which have been outlined above.

13.3 Trade Marks and Business

There are few specific Canadian business rules or norms regarding trade marks.

One issue of note relates to Quebec's French-language laws. Quebec's Charter of the French Language makes French Quebec's official language, and requires that most commercial labels, signs, posters, manuals, etc, be provided in French (or predominantly in French, if presented in French and another language). One exception is that a "recognised trademark" (including a registered trade mark) may be in a language other than French, unless a French version of the mark has been registered. Proposed amendments introduced in 2021 broaden the French-language requirements by requiring that a trade mark may only appear, even partially, in a language other than French "on public signs and posters and in commercial advertising" if it is registered (not just "recognised", meaning that unregistered trade marks, including trade marks for which applications are pending, are not sufficient) and there is no corresponding French-language registration. With or without these amendments, if a business's primary trade marks are in a language other than French, there is therefore some benefit in registering those trade marks to take advantage of the exceptions to Quebec's language laws.

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DLA Piper (Canada) LLP is part of a global law firm with lawyers located in more than 40 countries. DLA Piper's Canadian Intellectual Property and Technology Group serves clients on a full range of intellectual property, privacy and technology issues around the world. The Canadian trade mark practice consists of eight partners, six associates and one associate counsel, and includes acquisition, prosecution, commercialisation and enforcement of trade marks and

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CANADA LAW AND PRACTICE

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Trade marks are governed by the Chinese Trade Mark Law, which is statutory. The rights are not governed by case law. China is a member of Madrid Agreement Concerning the International Registration of Marks, the Paris Convention for the Protection of Industrial Property, and the convention Establishing the World Intellectual Property Organization, but they are not self-executing.

1.2 Types of Trade Marks

In China's legal system, there are different types of trade marks/service marks – eg, unregistered marks, registered marks, certification marks and collective marks.

According to Article 8 of the China Trade Mark Law, any sign capable of distinguishing the goods or services of a natural person, legal person or any other organisation from those of other persons – including words, devices, letters, numerals, three-dimensional signs, combination of colours, sounds, etc, as well as the combination of such signs – shall be eligible for application for registration as a trade mark.

Trade dress, company names and trade names are not stipulated types of trade marks in accordance with the China Trade Mark Law, but they can also be protected under certain circumstances; they are mainly protected by the Anti-unfair Competition Law.

All rights to such trade marks are based on statutory law, rather than case law.

1.3 Statutory Marks

There are no statutory marks in China.

1.4 Well-Known Foreign Marks

In China, well-known foreign marks are not protected. But if the applicant has bad faith, the reputation of the marks will be taken into consideration and can increase the chance of success in actions.

1.5 Term of Protection

A registered mark is valid for ten years.

1.6 Exhaustion of Trade Mark Rights

China sticks to the principle of territoriality. In accordance with the Trade Mark Law of the PRC, replacing a registered trade mark without the consent of the trade mark registrant and putting the goods into the market with a substituted trade mark shall be regarded as trade mark infringement.

Regarding parallel import, there is no specific stipulation in China's trade mark law determining whether parallel import is a trade mark infringement or not.

1.7 Symbols to Denote Trade Marks

According to Article 63 of the Implementation Regulation of the China Trade Mark Law, a registered trade mark can be used on goods, package of goods, illustration book or other attachment. It can be denoted "registered trade mark" or ®.

The TM sign can be used to indicate that the sign is used as a trade mark, but this does not indicate registration.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

If a trade mark is assigned, the assignor and the assignee shall sign a written assignment form. The assignment application shall be filed with the China National Intellectual Property Administration (CNIPA). The assignment application can be filed against registered marks or marks in the process of application. All identical or similar marks in respect of identical or similar goods/services in the name of the assignor shall be assigned together.

The assignment of a mark shall be published after it has been approved by the CNIPA, and the assignee shall have exclusive use from the date of publication.

In case of transfer due to inheritance, enterprise merger, merger or restructuring and other reasons, the party accepting the exclusive right to use the registered trade mark shall file the assignment based on relevant certificates or legal documents.

Where the exclusive right to use a trade mark is transferred according to the judgment of the court, the assignment shall also be recorded.

2.2 Licensing Requirements or Restrictions

For recordal purposes, a licence shall be filed against only registered marks, as required by the CNIPA.

For the licensing of unregistered marks, there is no specific provision. Usually, a contract between the licensor and the licensee regarding an unregistered mark can be deemed as valid.

All three types of licence – exclusive licence, non-exclusive licence and sole licence – can be recorded. The licence term shall be within the validity period of the registration.

2.3 Registration or Recording of the Assignment

The assignment needs to be recorded with the CNIPA. If not, the assignment cannot be against bona fide third parties. After the approval of the assignment by the CNIPA, the CNIPA will publish the assignment in the Trade Mark Gazette. A certificate of assignment will be issued by the CNIPA to both the assignor and the assignee.

Only after the approval of the CNIPA can the assignee be the trade mark owner in China. Before the approval of the CNIPA, the assignor remains the owner of the mark in China.

2.4 Other Requirements for Licences or Assignments to be Valid

The licensed goods' scope shall be within the registered scope. The licensor shall be prudent to limit the registered goods. Once the CNIPA deems the scope is enlarged, the licence recordal will be rejected.

2.5 Assigning or Licensing Applications

The trade mark under an application process is allowed to be assigned, but is not allowed to be licensed. The use of the trade mark is not taken into consideration.

2.6 Trade Marks as Security

A trade mark is considered intellectual property. It can be subject to rights in rem, assigned by way of security, or be levied in execution.

The pledgor and pledgee shall conclude a written contract regarding the pledge of a trade mark which is assignable. Same or similar marks on

the same or similar goods/services shall also be included in the pledge contract. Pledge registration shall be filed with the CNIPA.

3. Registration

3.1 Trade Mark Registration

The trade mark owner can obtain trade mark right by registration. Besides registration, the wide prior use of a trade mark can also be protected in China, but the protection is not as broad as the registered trade mark.

Trade dress is not a stipulated type of trade mark in China. If a trade mark is considered as lacking distinctiveness, by proving that the mark has acquired secondary meaning the mark can still be approved for registration.

3.2 Trade Mark Register

Trade mark applications shall be filed with the CNIPA, the only trade mark register in China. The CNIPA has an online database which is available to the public.

It is normal and necessary to conduct a search for prior filed or registered trade marks, so that the applicant may take action against possible obstacles in advance of filing. The examination period is very short, and is decreasing, so it may be too late to take actions after the application is rejected by the CNIPA.

Marks that are already in use but not yet filed with the CNIPA cannot be located through a trade mark search. The CNIPA can do a trade mark search for either word mark or device mark. The required information includes trade mark, class and goods/services description to be covered.

3.3 Term of Registration

A registered mark is valid for ten years from the registration date. If expired, the trade mark owner can still file a renewal within the grace period (ie, within six months after the expiry date). If no renewal is filed, even in the grace period, the mark will be invalid and the trade mark owner has no way to restore it. A new trade mark application will need to be filed if the trade mark owner still wants to protect the mark in China.

3.4 Updating or Refreshing Registrations

Once the trade mark is registered, it is not allowed to be updated or refreshed. A new application is required.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

The formal requirements to register a trade mark include the following aspects:

- name and address of the applicant;
- clear trade mark sample in electronic form with high resolution;
- class and goods/services items covered;
- power of attorney signed by the applicant; and
- a copy of the commercial registry (certificate of good standing) for a company applicant, or a copy of passport or ID card for an individual applicant.

Any natural person, legal person or other organisation can apply for trade mark registration with the CNIPA.

Multi-class applications are allowed, but are not suggested.

4.2 Use in Commerce Prior to Registration

In China, there is no requirement for use before registration is issued. However, according to Article 4 of the Trade Mark Law, an application for registration of a malicious trade mark not intended for use shall be rejected. Usually the CNIPA will judge whether the trade mark is not intended for use by the filing number. If the applicant files a large number of applications in one day, it may be rejected as malicious trade mark.

4.3 Series Mark Registrations

China does NOT allow for the registration of series marks – ie, a number of trade marks within the same application which resemble each other to some respect. Separate trade mark applications must be made for each.

4.4 Consideration of Prior Rights in Registration

During the examination of application for registration, the CNIPA considers prior trade mark applications. If the application is rejected by citing a similar trade mark, the application can get registration only if the cited mark is removed by filing a non-use, a cancellation or other actions. Currently, the CNIPA is reluctant to accept the letter of consent if the two trade marks are very similar. The rejection can be overcome by the assignment of the cited mark.

Besides, the CNIPA will reject the applications directly if the trade marks are copies of others' well-known trade marks, celebrities, names of martyr, etc.

4.5 Consideration of Third-Party Rights in Registration

If the application is preliminarily approved, an opposition can be filed within a three-month opposition period. If the opposition is based on

absolute reason, any party can file it. If the opposition is based on relative reasons, only a prior right owner can file it.

If the applicant files a large number of applications, beyond the normal use, or copies many other trade marks, a letter can be submitted to the CNIPA to prove bad faith before an application is approved, upon receipt of which the CNIPA might reject the application directly.

4.6 Revocation, Change, Amendment or Correction of an Application

After an application for registration of a trade mark is filed with the CNIPA, the applicant has right to withdraw the application or remove the registration. It is also allowed to delete goods. However, it is not allowed to change, amend or add goods to the trade mark application during the application process or once registered.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application. However, a divisional application shall only be filed after a mark is partially refused by the CNIPA. The divisional application shall be filed with the CNIPA within 15 days after receipt of the refusal notification. A divisional application is irrevocable.

4.8 Incorrect Information in an Application

If information is provided incorrectly due to negligence – ie, incorrect name or address, the applicant can file a recordal of correction with the CNIPA to amend it.

However, if the information provided for trade mark filing is by improper means, according to Article 44 of the China Trade Mark Law, where a trade mark registration violates the provisions of Articles 4, 10, 11, 12 and 19 (4) of this law, or

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the registration of a trade mark was acquired by fraud or any other improper means, the examination division of CNIPA shall invalidate the registration at issue. Any organisation or individual may request that the Review Division make a ruling to invalidate such a registered trade mark.

4.9 Refusal of Registration

A trade mark will be refused by the CNIPA based on absolute grounds, such as descriptive character of the mark, lack of distinctiveness, or misleading character, malicious filing with no intent to use, an applicant acting in bad faith, fraudulent material in application, or an immoral or offensive meaning.

The absolute refusal grounds are mainly stipulated in Articles 4, 10, 11 and 12 of the China Trade Mark Law, as follows.

Article 4 states that natural persons, legal persons, or other organisations that need to obtain exclusive rights to their trade marks for their goods or services in the production and business operations, shall apply to the CNIPA for trade mark registration. An application for the registration of a malicious trade mark not for the purpose of use shall be rejected.

Signs Not to Be Used as Trade Marks

Article 10 requires that the following signs shall not be used as trade marks:

- those identical with or similar to the State name, national flag, national emblem, national anthem, military flag, army emblem, military anthem, or decorations of the People's Republic of China, etc, and those identical with the name or symbol of a central government department of the State, or with the name of the particular place, or with the name or image of the symbolic building, where a

central government department of the State is located;

- those identical with or similar to the State name, national flag, national emblem or military flag of a foreign country, etc, unless consent has been given by the government of the country;
- those identical with or similar to the name, flag or emblem of an international intergovernmental organisation, etc, unless consent has been given by the organisation or the public is not likely to be misled by such use;
- those identical with or similar to an official sign or hallmark indicating control and warranty, unless authorisation has been given;
- those identical with or similar to the name or symbol of the Red Cross or the Red Crescent;
- those having the nature of discrimination against any nationality;
- those having the nature of fraud, being liable to mislead the public about the characteristics of the goods such as the quality or the place of origin; or
- those detrimental to socialist morality or customs, or having other unhealthy influences.

The geographical name of an administrative division at or above the county level or a foreign geographical name well-known to the public shall not be used as a trade mark, unless the geographical name has another meaning or the geographical name is used as a component part of a collective mark or a certification mark; registered trade marks consisting of or containing geographical names shall continue to be valid.

Signs Not to Be Registered as Trade Marks

In Article 11, the following signs shall not be registered as trade marks:

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- signs which consist exclusively of the generic names, designs, or model numbers of the goods in respect of which the trade mark is used;
- signs which consist exclusively of direct indications of the quality, primary raw material, functions, intended purposes, weight, quantity or other characteristics of goods; or
- other signs which are devoid of any distinctive character.

Signs mentioned in Article 11 may be registered as trade marks if they have acquired distinctive character through use and are capable of being readily identified and distinguished.

Article 12 says that, where a three-dimensional sign is the subject of an application for registration of a trade mark, the trade mark shall not be registered if it consists exclusively of the shape which results from the nature of the goods themselves, the shape of goods which is necessary to obtain a technical result, or the shape which gives substantial value to the goods.

4.10 Remedies Against the Trade Mark Office

If the applicant is dissatisfied with the refusal, it may file a review with the Review Division. During the process of review, the applicant may take some actions against the cited marks to increase the chance of success, such as non-use cancellation and assignment of the cited mark.

4.11 The Madrid System

China participates in the Madrid system.

There is no procedure for notification of amendment for international trade mark registration designating China. If the goods/services are not accepted, the CNIPA will refuse the mark and there is no review on refusal based on non-

acceptance of goods/services description. The applicant has to re-designate the international registration into China.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

An opposition can be filed within three months after the publication of a trade mark; this is non-extendable. For international trade marks designating China, the deadline for filing the opposition is the last day of the third month since its publication by WIPO, which is non-extendable. Supplementary evidence can be filed within three months from the filing of opposition.

After filing of the opposition, the CNIPA usually issues an official filing receipt in approximately three months. It takes the CNIPA 12 months to make the decision on opposition. The term can be extended for another six months.

5.2 Legal Grounds for Filing an Opposition

An opposition can be filed based on absolute grounds, such as malicious filing with no purpose of use, lack of distinctiveness, being misleading as to the characteristics of the goods/services, having bad social influence, etc. The opposition can also be filed based on prior rights such as prior trade mark right, well-known trade mark, prior-use right, etc.

5.3 Ability to File an Opposition

Any person can file the opposition based on absolute grounds. Only a prior right-owner or an interested party can file opposition based on prior rights.

A Chinese opponent can file the opposition either personally or through a trade mark agent

recorded with the CNIPA. A foreign opponent must file opposition through a trade mark agent.

The official fee for filing an opposition is CNY500 (approximately USD73). If the opposition is filed electronically, the official fee is CNY450 (about USD65). The attorney fee is usually charged depending on the complexity of the case, working hours required, etc.

5.4 Opposition Procedure

After an opposition is filed, the CNIPA will forward the opposition grounds and evidence to the opposed party and give a chance to the opposed party to make a response within 30 days from receipt of the notification. The opposed party has an additional three-month period to supplement evidence. There is no evidence-exchange procedure for opposition.

The CNIPA will not forward the grounds and evidence filed by the opposed party to the opponent for counter arguments. Instead, the CNIPA will make a decision on opposition directly.

Now it is encouraged to file the opposition electronically. The disadvantage of the electronic filing is the limitation of evidence.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

After the decision on opposition is made, only the opposed party is allowed to file an appeal. Since it is an administrative procedure, no award will be involved.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

If the revocation is based on absolute reason, there is no limitation to file. If the revocation is based on relative reasons, it can be filed within five years from the date of registration. Where the registration has been made in bad faith, the owner of a well-known trade mark shall not be bound by the five-year time limit.

Cancellation based on non-use can be filed after the registration has been in place for three years.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Where a registered trade mark has no effectiveness or has a bad social influence, or the registration of a trade mark has been acquired by fraud or any other unfair means, the CNIPA shall declare the registered trade mark invalid; any other organisation or individual may request the CNIPA to declare a mark invalid.

Where a registered trade mark is a copy, imitation or translation of a prior well-known trade mark; has a misleading geographical indication; the registrant is an agent or has another relationship with the true owner of the mark; the registered mark is similar to a prior registered or applied mark on similar goods/services; or it is an infringement of another's prior right or a copy of another's mark which has been used and has gained certain reputation, the earlier right-owners or any interested party may, within five years from the date of registration, request the CNIPA to declare the registered trade mark invalid. Where the registration has been made in bad faith, the owner of a well-known trade mark shall not be bound by the five-year time limit.

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Where a trade mark registrant, in using a registered trade mark, alters the registered trade mark, or changes the name or address of the owner of a registered trade mark, or other matters contained in the registration, without the prescribed procedure, the CNIPA shall order it to make corrections within a specified time limit, or the registered trade mark can be cancelled by the CNIPA, if no corrections are made at the expiry of the specified time limit. Where a registered trade mark has become a generic name for its designated goods, or has not been used for an uninterrupted period of three years without justified reasons, any entity or individual may request the CNIPA to cancel the registered trade mark.

If the registration is obtained with improper means, anyone can file revocation.

As long as the registration has been in place for more than three years, a cancellation based on non-use can be filed without any reason.

6.3 Ability to File a Revocation/Cancellation Proceeding

If the revocation is based on absolute reasons, anyone can file it. If the revocation is based on relative reasons, only a prior right owner can file it.

The cancellation based on non-use can be filed by any party.

6.4 Revocation/Cancellation Procedure

Revocation or cancellation can only be brought before the Examination Division or Review Decision of the CNIPA. If dissatisfied with the decision on such a revocation/cancellation of the Review Decision, an administrative litigation can be filed with the Beijing Intellectual Property Court.

6.5 Partial Revocation/Cancellation

A partial revocation/cancellation is allowed.

6.6 Amendment in Revocation/Cancellation Proceedings

After the revocation/cancellation is filed, it can also be withdrawn any time before the decision is made.

6.7 Combining Revocation/Cancellation and Infringement

Revocation/cancellation is examined case-by-case. For revocation with the same nature (the same application, same registrant of the disputed mark, same supporting evidence) and filed at the same time, it is possible to request the examiner to examine them together. However, decisions are still made on a case-by-case basis.

Revocation/cancellation and infringement are not heard together. The court for infringement has discretion to determine whether the court will wait for the decision on revocation/cancellation.

6.8 Measures to Address Fraudulent Marks

According to Article 44 of the China Trade Mark Law, if a trade mark is registered fraudulently, the CNIPA can declare the registered trade mark invalid. Any applicant may request that the Trade Mark Review and Adjudication Board declare the registered trade mark invalid.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The Interpretation of the Supreme People's Court Concerning the Application of Laws in the Trial of Cases of Civil Disputes Arising from Trade Marks

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states that the trade mark infringement claims shall be brought within three years, counting from the day when the trade mark registrant or the interested right-holder knows or should have known about the infringement and the obligor. If the trade mark registrant or the interested party initiates the civil action after the three-year's statute of limitation, and if the infringing act continues at the time when the action is initiated, the people's court shall rule that the defendant stop the infringement within the validity period of the trade mark exclusive right.

7.2 Legal Grounds for Filing Infringement Lawsuits

A trade mark owner could pursue infringement through legal proceedings in the people's court, or request the competent administration to take raid actions against the infringer. The protections on registered trade marks and unregistered trade marks are different in the PRC.

Unregistered trade marks can only be protected under certain circumstances based on "prior use" and that through "prior use" the unregistered trade mark has the function of identifying the origin of goods or service. If the unregistered trade mark reaches the "well-known" status, it could be protected in accordance with the Trade Mark Law. If it obtains "certain influence", it could be protected in accordance with the Anti-unfair Competition Law as product name, packaging or decoration.

A trade mark owner can bring claims for dilution or cybersquatting. The claims for dilution could be brought when the trade mark owner requests the court to recognise that the trade mark has reached well-known status. For cybersquatting, it is regulated in the Interpretation of the Supreme People's Court on Application of

Laws in the Trial of Civil Disputes Over Domain Names of Computer Network.

7.3 Parties to an Action for Infringement

The plaintiff of an action for trade mark infringement could be the trade mark registrant, the licensee to a contract for the licensed use of registered trade marks and the lawful heirs of the trade mark registrant. In most cases, the defendant of an action for trade mark infringement would be the manufacturer and distributor of the infringing products.

Under trade mark law, there are three kinds of licensees based on the contents of the licence agreement: the monopolised licence, the exclusive licence and the ordinary licence. The monopolised licensee could initiate an action with the people's court. The exclusive licensee could initiate a civil action with the trade mark registrant or file an action on its own under the condition that the trade mark registrant refuses to initiate an action. The ordinary licensee could file the action with an explicit authorisation from the trade mark registrant.

As indicated in 7.2 Legal Grounds for Filing Infringement Lawsuits, it is possible for a trade mark owner to take action to stop infringement before its mark is registered, if the unregistered trade mark obtained the well-known status under the Trade Mark Law or reached the status of having "certain influence" under the Anti-unfair Competition Law based on prior use.

7.4 Representative or Collective Actions

Regulations on representative and collective actions are included in our Civil Procedure Law. For joint litigation, it is required that one side or both sides of a civil action consist of two or more parties, the subject matter of action for each party is the same or is of the same kind, the people's

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court considers that the disputes of all the parties could be tried concurrently and all related parties agree. Trade mark infringement litigation is handled in accordance with the Civil Procedure Law, but there are hardly any representative or collective actions for trade mark proceedings as they could not reach the requirements for joint litigation.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There is no prerequisite to initiate an infringement-related civil lawsuit. It is suggested that the client initiate the trade mark infringement litigation based on a registered trade mark. If the client does not have any registered trade mark, it shall prepare documents proving the reputation of the trade mark obtained through prior use as indicated in 7.2 **Legal Grounds for Filing Infringement Lawsuits**. Most remedies available are for registered trade marks, which is the main subject to be protected under Trade Mark Law.

The defendant could argue that the trade mark owner's claims are groundless, the infringement litigation is filed as misuse of trade mark right or belongs to unfair competition in nature. As regulated in the Trade Mark Law, the trade mark owner's claims might not be supported when filed against "fair use" and "prior use" of marks. If the registered trade mark has not been in use for three consecutive years, the claims for compensation of the damages might not be supported. If the trade mark is registered in bad faith and the civil litigation is filed in bad faith, the claims might not be supported by the people's court.

7.6 Initial Pleading Standards

The standards for initiating a lawsuit are as follows:

- the plaintiff is a citizen, legal person or any other organisation with a direct interest in the case;
- there is a specific defendant;
- there are specific claims, facts and reasons; and
- the case is within the scope of civil actions accepted by the people's courts and under the jurisdiction of the people's court in which the action is initiated.

There are no special provisions for lawsuits in trade mark proceedings that differ from non-intellectual property proceedings. As the facts and reasons are required to be specific, the plaintiff in trade mark infringement litigation shall collect evidence proving the infringements through investigations and by means of notarised preservation of online information as well as notarised purchase through online or offline stores. It is also suggested that the plaintiff submit evidence proving the reputation and wide use of the trade mark in China.

It is possible to supplement pleadings with additional arguments after the acceptance of a case and it shall be before the end of court debate in the first instance. It is also possible for a defendant in a trade mark action to initiate a counterclaim. If the counterclaim filed by the defendant and claims of the plaintiff are based on the same legal relationship and there is causation between such claims, or the counterclaim filed by the defendant and claims of the plaintiff are based on the same facts, the people's court shall try them concurrently.

It seems unnecessary for the defendant in a trade mark action to initiate a lawsuit as a response. If the defendant initiates a lawsuit for confirmation of non-infringement against the plaintiff as a response, this lawsuit would probably be trans-

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ferred to the court in charge of the infringement lawsuit when the plaintiff of the prior infringement lawsuit files an objection of jurisdiction and points out the existence of the former infringement lawsuit.

7.7 Lawsuit Procedure

The first instance of trade mark infringement cases is generally handled by a basic people's court; two exceptions are that the first instance of a major foreign-related intellectual property case and the case involving the recognition of a well-known trade mark are handled by an intermediate people's court. The second instance is handled by the people's court at the next higher level. The party who deems that an effective judgment or ruling is erroneous may file a petition for retrial with the people's court at the next higher level.

There are IP courts in Beijing, Shanghai and Guangzhou. In accordance with Several Provisions of the Supreme People's Court on the Original Jurisdiction over Civil and Administrative Cases Involving Intellectual Property issued by Supreme People's Court in 2022, the civil and administrative cases involving recognition of well-known trade marks shall be under the original jurisdiction of IP courts and intermediate people's courts; and may also be under the original jurisdiction of a basic people's court upon approval by the Supreme People's Court.

The costs relating to evidence collecting, including investigations and notarised preservation, are the costs typically arising before filing a lawsuit.

The parties in trade mark litigation are not required to be represented by a lawyer. The parties may retain one or two litigation representatives, who could be lawyers or legal ser-

vice workers, close relatives or staff members and citizens recommended by the community or an entity related to a party or citizens recommended by a relevant social group.

7.8 Effect of Trade Mark Office Decisions

Most infringement actions are initiated based on registered trade marks in the PRC. The CNIPA's decisions that have influence on the registration status of the registered trade marks will have influence on infringement actions.

If CNIPA issues the decision to cancel a registered trade mark, the right to use such a registered trade mark exclusively shall be terminated from the date of publication. The decision might not influence a pending litigation suing infringement acts incurred before the trade mark cancellation date. If CNIPA issues a decision to declare invalidation of a registered trade mark, the right to use such a registered trade mark exclusively shall be deemed void at the inception. The plaintiff lost the legal basis for initiating the infringement lawsuit or would not be supported in the pending lawsuit.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

The alleged infringer could initiate a lawsuit requesting confirmation of non-infringement. The lawsuit for confirmation of non-infringement could be filed by a specific party which is warned of infringement by an intellectual property right-holder who fails to initiate a lawsuit within a reasonable period.

A potential defendant could initiate trade mark cancellation or invalidation action with the CNIPA against the registered trade mark involved in the trade mark dispute. The potential defendant could prepare evidence proving its "fair use" of

the relevant trade mark, the “non-infringement defence” or the “prior use” defence.

7.10 Counterfeiting

Counterfeit is considered as a kind of trade mark infringement act. There are special statutes concerning dealing with the cases involving counterfeit. It is regulated that, while hearing a trade mark dispute case, the people’s courts shall, at the request of the right-holders, order the destruction of goods bearing counterfeit registered trade marks, except in special circumstances, and shall order the destruction of materials and tools that are mainly used to manufacture such goods, without giving any compensation; or, under special circumstances, prohibit the aforementioned materials and tools from entering commercial channels, again without giving any compensation. Products bearing counterfeit registered trade marks shall not enter commercial channels after only removing the marks.

For the manufacturer and seller of the counterfeit goods and for those who manufacture and sell the labels of other’s registered trade mark, if a crime is constituted, in addition to compensating for the loss of the victim, the infringer shall also bear criminal responsibility in accordance with law.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no special provisions for lawsuits in trade mark proceedings. Trade mark infringement litigations are handled in accordance with the Civil Procedure Law of the PRC. Trade mark cases are determined by a collegial bench, which may be formed by judges and jurors or

by only judges. Technical judges are not required in trade mark cases. There must be an odd number of members of a collegial bench. Civil cases tried by simplified procedures shall be tried by a single judge.

Generally, the parties do not have any influence over who is the decision-maker. However, under certain circumstances, the parties could request disqualification of the judge, court clerk, interpreters, identification or evaluation expert, and surveyor, either verbally or in writing.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is necessary to establish that the defendant has used the sign as a trade mark. Trade mark infringement acts are defined based on the “use of a trade mark”. Nominative and descriptive use is a defence for “trade mark fair use”. There is an article in the Trade Mark Law defining trade mark use.

8.3 Factors in Determining Infringement

Generally speaking, three factors must be taken into consideration in determining whether the use of a sign constitutes trade mark infringement, which are similarity of signs (trade marks), similarity of goods or services and the likelihood of confusion.

Similar trade marks mean that the accused mark and plaintiff’s trade mark are similar in font style, pronunciation, meaning, or in the composition and colour of the graph, the overall structure of all the combined elements, or in the cubic form or combination of colours, so that the relevant general public may be confused about the origin of the goods or believe that the origin of the goods bearing the accused mark has a certain connection with the plaintiff’s goods or service.

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Similar goods mean the goods are similar in respect of function, usage, manufacturing section, sales channel and consuming target, etc, or the relevant general public deem they have certain association and are likely to be confused. Similar services mean the services are similar in respect of service purposes, content, manner, target, etc, or the relevant general public deem they have certain associations and are likely to be confused.

Even if the accused mark and the plaintiff's trade mark are similar in appearance, trade mark infringement is not constituted if the use of the accused mark would not cause consumers confusion. Consumers' confusion means that the relevant general public could not distinguish the goods or services. They consider the goods or services are from the same subject or they are confused about the origin of the goods or services, and/or consider that there are trade mark licences, investment, or other relationships between the providers of the goods and services.

8.4 Elements of Other Trade Mark Claims

According to Trade Mark Law, the elements of trade mark claims or the acts of trade mark infringement are listed as follows:

- uses a trade mark that is identical with a registered trade mark in relation to identical goods without the consent of the trade mark registrant;
- uses a trade mark that is similar to a registered trade mark in relation to similar goods, or uses a trade mark that is identical with or similar to a registered trade mark in relation to similar goods, without the consent of the trade mark registrant, which may easily cause consumers' confusion;

- sells goods that are in infringement of the exclusive right to use a registered trade mark;
- counterfeits, or makes without authorisation, representations of a registered trade mark of another person, or offers for sale such representations;
- changes a registered trade mark and puts goods bearing the changed trade mark on the market without consent of the owner of the registered trade mark;
- deliberately provides conveniences for infringement of the exclusive right of trade marks of others, and helps others to implement the infringement of exclusive rights of trade marks; and
- causes, in other respects, prejudice to the exclusive right of another person to use a registered trade mark.

8.5 Effect of Registration

The Trade Mark Law of the PRC protects registered trade marks, and unregistered trade marks are under protection only in special situations as indicated in 7.2 **Legal Grounds for Filing Infringement Lawsuits**. Based on a registered trade mark, the trade mark owner could directly file a litigation against infringement while, for unregistered trade marks, evidence proving "prior use" and reputation of the trade mark shall be submitted. After obtaining the trade mark registration, the trade mark owner shall keep using the trade mark, otherwise the trade mark might be cancelled for "non-use" of three consecutive years. With regard to invalidation procedure, the trade mark registered for more than five years is comparatively stable and a third party needs to prove the registration is in bad faith in order to invalidate it.

8.6 Defences Against Infringement

There are procedural defences and substantive defences. For procedural defences, the alleged

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infringer could file opposition against jurisdiction, challenge the qualification of the plaintiff, prove the legitimate sources of the accused infringing goods, etc.

Substantive defences include “fair use” or “prior use”. The alleged infringer could also challenge the effectiveness of the trade mark right, as the status of the trade mark right might be influenced by the official decisions. If the trade mark is cancelled or invalidated during the litigation, it will influence the result of the litigation against the trade mark infringement.

Defences against trade mark infringement also include “non-infringement” defences, claiming both the trade marks and the goods involved are not identical or similar. Besides, the alleged infringer could challenge the use status of the trade mark involved. If the trade mark registrant could not prove the use of the trade mark within three years before filing the infringement litigation, the alleged infringer will not bear the liability for compensation.

8.7 Obtaining Information and Evidence

In accordance with the Civil Procedure Law, lawyers and other agents ad litem have the right to investigate and collect evidence. If the evidence could not be collected by the party and its litigation representative, the party may apply in writing to the people’s court for investigation and collection within the evidence-producing term.

Meanwhile, a people’s court shall have the authority to investigate and collect evidence from the relevant entities and individuals, who shall not refuse to co-operate with such investigation and evidence collection.

8.8 Role of Experts and/or Surveys

According to the regulations, the parties concerned may apply to the people’s court to have one or two experts to appear in court to offer answers to the specialised questions relating to the case. The judges and parties concerned may interrogate the experts that appear in court. Upon the approval of the people’s court, the experts – as applied for by each party concerned – may express their opinions on the issues concerned in the case.

The experts and/or survey regarding likelihood of confusion, secondary meaning, and the generic quality of the mark are considered as ordinary evidence which is not decisive. The courts will not make a decision only based on the experts’ opinions. Other supporting evidence shall also be submitted.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement can constitute an administrative or criminal offence.

Administrative Offence

Regarding the administrative offence, the trade mark registrant could file a complaint with the administration for market regulation, when trade mark infringement disputes arise. If the administration handling the dispute determines that an infringement is constituted, it:

- shall order immediate cessation of infringement;
- shall confiscate and destroy the infringing goods and the tools specifically used to manufacture the infringing goods and counterfeit representations of the registered trade mark; and
- may impose a fine of not more than five times the illegal business revenues if the amount of

illegal business revenues reaches CNY50,000, or a fine of not more than CNY250,000 if there is no illegal business revenue or the amount of illegal business revenues is less than CNY50,000.

Criminal Offence

Regarding the criminal offence, it includes the following three circumstances:

- when without being licensed by the trade mark owner, a party uses a trade mark identical with the registered trade mark on identical goods, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses;
- when a party forges or manufactures without authorisation the labels of a registered trade mark of another party or sells the labels of a registered trade mark forged or manufactured without authorisation, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses; and
- when a party knowingly sells goods on which a registered trade mark is falsely used, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses.

8.10 Costs of Litigating Infringement Actions

The typical costs include investigation fees, notarisation fees, translation fees paid to the qualified translation firm (if documents in foreign languages are involved), attorney fees and expenses and court fees.

9. Remedies

9.1 Injunctive Remedies

Preliminary injunctions are available for trade mark owners. The application for a preliminary injunction could be filed with the competent court before instituting legal proceedings or in the middle of legal proceedings, requesting for measures prohibiting the infringement act or preserving the assets in accordance with relevant laws.

The application for prohibiting the infringement act could be filed with the court under the condition that the trade mark registrant or an interested party has evidence proving that another party is engaged in (or will soon engage in) an act of infringement of the former's exclusive right to use their registered trade mark and that (unless the act is stopped in a timely manner), irreparable damages will be caused to their legitimate rights and interests.

The application for preserving the assets could be filed with the court under the condition that the trade mark registrant or an interested party has evidence proving that another party might conceal its property or the illegal profits obtained from infringement and that even if the trade mark registrant wins the lawsuit, there is no property for enforcement.

The applicant shall provide security if ordered by the court. After accepting the application, the people's court must issue a ruling within 48 hours in urgent situations; if it rules to take a preliminary injunction/preservative measure, the measure shall be executed immediately. For an application filed before instituting the legal proceedings, the applicant shall initiate an action or apply for arbitration in accordance with the law within 30 days after the people's court takes

the preliminary injunction/preservative measure, otherwise the people's court shall remove the measures.

The trade mark defendant may apply for reconsideration with the people's court against the preliminary injunction within five days from the receipt of the ruling. The grounds could be that the plaintiff is not qualified for applying for an injunction, the preserved property does not belong to the defendant, the amount of the preserved property exceeds the amount included in the ruling, and there is no urgency or necessity for imposing the injunction.

9.2 Monetary Remedies

The amount of damages awarded for trade mark infringement shall be assessed on the basis of the actual losses suffered by the right-holder because of the infringement, or the profits the infringer has earned because of the infringement, or the appropriate multiple of the amount of using the registered trade mark under a contractual licence.

If the infringement is committed in bad faith and is serious, the trade mark owner could request for punitive damages, which is up to five times of the amount determined in the aforesaid ways. The amount of the damage shall also include the reasonable expenses of the right-holder incurred in stopping the infringing act.

Where it is difficult to determine the losses suffered by the right-holder, the profits the infringer has earned and the fees of licensing a registered trade mark, the people's court shall grant a compensation not exceeding CNY5 million, according to the circumstances of the act of infringement.

9.3 Impoundment or Destruction of Infringing Articles

The people's court is not likely to permit the remedy of impoundment or destruction of infringing products. When hearing trade mark infringement cases, the people's court may decide that the infringer shall bear the responsibility to stop the infringement, remove the obstruction, eliminate the danger, compensate for losses, eliminate the impact, etc, and may make a decision of civil sanctions including imposing a fine, confiscating properties for producing the infringing goods, forged marks and the materials, tools, equipment mainly used to produce infringing goods.

9.4 Attorneys' Fees and Costs

The plaintiff could request that the defendant shall bear the reasonable costs in the litigation. If the plaintiff wins the case, the judge could request the defendant to bear a certain amount of the reasonable costs including the attorneys' fees, as well as the court fees. It is at the judge's discretion to decide the amount of reimbursements based on the evidence submitted by the plaintiff.

9.5 Ex Parte Relief

The trade mark owner could seek relief without notifying the defendant. Notice is never required. If the trade mark owner sends a warning letter to the infringer and the infringer refuses to stop the infringement act, the warning letter could be used as a evidence to prove the infringer's bad faith as it continues the infringement with full awareness.

9.6 Rights and Remedies for the Prevailing Defendant

Generally speaking, if a defendant prevails in a trade mark infringement case, the court will declare that the defendant is not guilty of trade mark infringement. If the defendant would like

to request compensation from the plaintiff, the defendant shall file a counterclaim or initiate new litigation for compensation.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The Chinese legal system provides for customs seizure of counterfeits. For the purpose of customs protection, the owner of IP rights should record their IP rights with the China General Administration of Customs on the basis of a certificate for each recordal.

If a designated IP right has been successfully recorded with the China General Administration of Customs, the information of the IP right will be added to the official computer system of the China General Administration of Customs to be shared by every customs office within Chinese territory. When customs officers carry out routine inspection on imported or exported goods, they will pay more attention to the goods bearing the recorded IP rights. If customs suspect some goods have infringed the recorded IP right, it will notify the IP right owner and, upon application filed by the IP right owner with remittance of the required security bond, customs will detain the suspected goods. The security bond will be based on the value of the suspected goods.

Regarding parallel imports, if the products involved in “parallel import” are genuine, in their original packaging with a reasonable indication of the origin of the products that would not mislead the consumers about the origin of the products and will not damage the function of trade mark, and meanwhile the importation of the goods go through the legal customs channels into China, the sale of these products would not be regarded as trade mark infringement.

9.8 Different Remedies for Different Types of Trade Marks

There are no different type of remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

Settlement discussion and mediation are voluntary procedures. The Plaintiff and defendant could decide whether they want a mediation conducted by the court. There could be pre-trial mediation or court mediation. The pre-trial mediation starts after the court accepts the case and before the trial. It has its own case number and generally it should be finished within 30 days. If no settlement is reached within this period, the case will go to trial.

When a people’s court conducts court mediation, it may be conducted by one judge or by the collegial bench; mediation shall be conducted on the spot, as much as possible. When a mediation agreement is reached, the people’s court shall prepare a consent judgment. A consent judgment shall state the claims, facts of the case and results of mediation. The judges and court clerk shall affix their signatures and the people’s court shall affix its seal to a consent judgment, which shall be served on both sides. Once a consent judgment is signed by both sides, it becomes legally binding.

If the parties to a civil action reach a settlement by themselves, they may also regulate that the plaintiff or appellant directly withdraws the case, and the court could issue a ruling granting the withdrawal.

10.2 Prevalence of ADR

ADR is not a compulsory element of settling a trade mark infringement case. In accordance with the Trade Mark Law, when trade mark infringement dispute arises, the parties concerned shall resolve the dispute through negotiation; if they are reluctant to resolve the dispute through negotiation or the negotiation fails, the trade mark registrant or an interested party may initiate a civil litigation in a people's court or request the administration for market regulation to handle the dispute.

Disputes concerning trade mark matters can be handled/resolved through arbitration, if agreed by the opposing parties.

10.3 Other Court Proceedings

According to the law, if the current case depends on the results of the trial of another case which has not been concluded, the current case shall be suspended. In the meantime, the collegial bench of the current proceeding has the right to decide whether to suspend the current case to wait for the result of another proceeding.

A pending invalidation action against a registered trade mark may be a reason for the defendant to file an application for suspension of a trade mark infringement litigation. However, the court may not accept this as a strong reason for suspension.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

If any party is not satisfied with the judgment or a ruling of the first instance, it shall have the right to file an appeal with the people's court at the next higher level within 15 days from the date

of service of the written judgment, or within ten days from the date of service of the written ruling. The original trial people's court shall, within five days after receiving a written appeal, serve the copies of the written appeal on the opposing parties, and the opposing parties shall, within 15 days after receiving the copies, submit their written statements of defence. The trial of the case would not be influenced if the statement of defence is filed in time.

A party that does not have a domicile within the territory of the PRC shall have the right to appeal against a first instance judgment or ruling within 30 days from the date of service of the written judgment or ruling. The appellee shall submit a written statement of defence within 30 days of receiving a copy of the written appeal. According to the Civil Procedure Law, a people's court shall complete the trial of an appeal case against a judgment within three months after the appeal is docketed. Any extension of the aforesaid period under special circumstances shall be subject to the approval of the chief justice of the people's court.

A people's court shall issue a final ruling for an appeal case against a ruling within 30 days after the appeal is docketed.

11.2 Special Provisions for the Appellate Procedure

The appellate procedure of a trade mark proceeding is generally the same as the appellate procedure for other civil proceedings.

11.3 Scope of the Appellate Review

The people's court of second instance would review both the facts of the case and the application of law in relation to the claims in appeal.

The people's court of second instance would not refer to issues not included in the party's claims, unless the first-instance judgment violates the prohibition of the law, or harms the national interest, the public interest, or the legitimate rights and interests of others.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark can also be protected by copyright if it satisfies the requirements of the Copyright Law. If a party claims copyright over a mark, the people's court shall, in accordance with the relevant provisions of the Copyright Law, determine whether the claimed object constitutes a work, whether the party is a copyright owner or other interested party with the right to claim copyright.

12.2 Industrial Design

If a trade mark is also granted with patent right as a design patent, it could be protected by industrial design laws, otherwise it could not be protected by industrial design laws.

12.3 Rights of Publicity and Personality

There is no special regulation on using one's own surname (or name) as a mark. It is regulated that in certain domains using the name of a public figure, to file a trade mark application would be regarded as "having any other adverse effect" – which is prohibited from registration in accordance with Article 10 of the Trade Mark Law.

12.4 Unfair Competition

This jurisdiction has an Anti-unfair Competition Law that could affect trade marks. It is generally considered that unregistered trade marks could be protected under certain conditions in accordance with the Anti-unfair Competition Law. The

product name with certain influence in the Chinese market, the trade name, as well as domain name are under the protection of the Anti-unfair Competition Law.

13. Additional Considerations

13.1 Emerging Issues

"Punitive damages" in trade mark infringement cases is enhanced. Some provincial courts have issued further explanations on implementation of "punitive damages" which is regulated in the 2013 Trade Mark Law. Another key issue is to fight against bad faith registration. It is regulated in the 2019 Trade Mark Law that no application for trade mark registration may infringe upon the existing prior rights of others, and bad-faith registrations by illicit means of a trade mark with a certain reputation already used by another party shall be prohibited.

13.2 Trade Marks and the Internet

The liabilities of internet service providers are regulated in the Civil Code and the E-Commerce Law of the PRC. Moreover, Article 75 of the Implementing Regulations of the Trade Mark Law of PRC regulates that providing "an online goods trading platform" may be regarded as providing facilitation to trade mark infringement.

An Internet service provider which infringes the civil right or interest of another party through a network shall assume the infringement liabilities. If network users use network services to commit infringements, the infringed party has the right to notify the network service provider to take necessary measures such as deleting, blocking and disconnecting links. If the network service provider fails to take necessary measures in time after receiving the notice, it shall be jointly

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and severally liable with the network user for the enlarged part of the damage.

The service provider, mainly online platforms, will require trade mark registration certificates as proof of trade mark right in order to remove goods which are claimed by the trade mark owner to be an infringement.

13.3 Trade Marks and Business

It is required that some products must bear a registered trade mark. For example, it is regulated that cigarettes, cigars and packed cut tobacco shall not be produced and sold before obtaining a registered trade mark to be used on the products. Chinese companies now have a strong sense of IP protection, therefore even though it is not required to have a registered trade mark, most Chinese companies would file applications for registration of trade marks in order to protect their rights and interests.

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CCPIT Patent and Trademark Law Office is one of the oldest and one of the largest full-service intellectual property law firms in China. The firm has 294 patent and trade mark attorneys, among whom 87 are qualified as attorneys-at-law. The firm provides consultation, prosecution, mediation, administrative enforcement

and litigation services relating to patents, trade marks, copyrights, domain names, trade secrets, trade dress, unfair competition and other intellectual property-related matters. Headquartered in Beijing, the firm has branch offices in New York, Silicon Valley, Tokyo, Madrid, Hong Kong, Guangzhou Shenzhen and Shanghai.

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CHINA LAW AND PRACTICE

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Trends and Developments

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40th Anniversary of the Trade Mark Law

Fast-changing landscape

As the first intellectual property statute in China, the Trade Mark Law celebrated its 40th anniversary in 2022. It has undergone four rounds of revisions in 1993, 2001, 2013 and 2019, with a number of judicial interpretations, implementation rules, regulations and policies introduced, and has developed into a trade mark legal system having the same degree of sophistication as other primary jurisdictions. However, research and debate over amendments to the Trade Mark Law has never stopped, even after the amendments just came into effect – the fast-growing market and brand owner's calls for addressing fundamental and new issues, have been promoting China's legislature, courts and administrators to improve the system in a unique approach.

The 2019 amendment is widely deemed as a relatively small step forward focusing on addressing imminent issues – trade mark piracy and understrength protection. A new article specifically targeting trade mark piracy was introduced, and the article governing the damages calculation was amended. A number of judicial interpretations, regulations and policies were released, together with the flood of judgments and administrative decisions demonstrating the efforts of addressing the two issues. But many other issues raised repeatedly by the stakeholders at the time were left untouched in the 2019 amendment. According to an official document released by the National Intellectual Property Administration of the People's Republic of China (CNIPA), more than 40 proposals regarding

amending the Trade Mark Law from legislators were received in the past five years.

New amendment

On 13 January 2023, the CNIPA released its draft amendment to the Trade Mark Law for public comments. According to the CNIPA's explanation, five primary issues existed under the current framework:

- the trade mark use requirement did not receive “sufficient” attention;
- no “powerful” measures were available to effectively stop trade mark piracy;
- the prosecution proceedings were complex and lacking proper co-ordination;
- the strength of trade mark protection was still to be improved; and
- supporting mechanisms had been falling behind the fast-changing market.

The draft amendment expands the Trade Mark Law to 101 articles, including 23 new articles and 45 existing articles with substantial changes. The following would worth a brand owner's attention.

- Trade mark piracy – the draft amendment introduces a cause of action to recover at least the brand owner's legal costs incurred for opposing or invalidating pirate marks, administrative fines against the trade mark pirate, and mandatory assignment of the pirate marks when certain conditions are satisfied. This is a significant step forward from the 2019 amendment, bringing reliefs for brand owners to recover costs and get the

- trade marks back – the current trade mark law only grants the CNIPA the power to reject such filings but brand owners have to seek relief under the unfair competition law, which threshold is not easy to meet.
- Malicious assertion – in addition to judicial sanctions, the draft amendment adds a cause of action for claiming for compensation of economic losses caused by, and recovery of, legal costs incurred for defending malicious assertion of registered trade marks. This responds to a long-time appeal after the Supreme People’s Court rendered its first judgment ruling that malicious assertion of trade mark rights should not be supported in 2014, and, if this can be finally codified, it will be a strong deterrence to trade mark pirates preparing for monetising their bad-faith registrations.
 - Well-known trade mark – the draft amendment formalises the injunctive relief that a registrant of a well-known registered trade mark may seek against the defendant’s use of its registered trade mark, and further clarifies that the dilution protection can apply to well-known trade marks no matter whether it is registered or unregistered. This is another significant change for detailing the definition of dilution into the statute and expanding the scope of dilution protection to any trade marks found to have well-known status by courts, administrative authorities and the CNIPA.
 - Non-traditional trade mark – the draft amendment uses “or other elements” to replace “etc,” for listing elements that can be registered as a trade mark, potentially opening the door for new types of non-traditional trade mark. This literally opens the doors for any elements or their combinations for registration if they do not violate any other articles of the Trade Mark Law.
 - Use requirements – the draft amendment introduces a requirement that a trade mark registration must report the use of its registered trade mark or provide a reason not to use the mark every five years, otherwise the CNIPA may deregister the trade mark. It also introduces a ban for “repetitive registration”, forbidding a registrant from filing to register a trade mark identical with its prior filings or registrations with six exceptions. China has been the typical “first-to-file” jurisdiction and the three-year, non-use cancellation is the only action that the CNIPA uses frequently to cancel trade marks that are not used in commerce after registration. This change is freshly new to the trade mark regime in China but designed to change a long-existing problem – new registrations abound each year, but many of them are not filed for use.
 - Oppositions – the draft amendment shortens the period for filing an opposition from three months to two months after the subject mark is published for opposition. If the applicant loses the opposition, it can file a court appeal directly. This is to accelerate the registration process but also means that brand owners will have only two months to prepare oppositions.
 - E-commerce – the draft amendment specifies that the trade mark infringement in e-commerce is also prohibited, but the language is quite general, needing further clarification.
 - Descriptive and indicative uses – the draft amendment adds descriptive and indicative uses as two sections under the non-infringement article. These two defences were inexplicitly introduced in a high court’s guidance in 2006 but have been “existed” as an academic concept and a controversial legal issue in practice. If this is approved, it could be a double-edge sword for brand owners

depending on how courts and administrative authorities rule and interpret specific cases.

While the draft amendment is not the most-changed version among the four amendments, it is indeed a significant step forward proposing solutions to the long-existing issues. It can be seen as a problem-solving oriented draft amendment, but it also includes a breakthrough from the existing framework, in particular, the trade mark use requirements, the expansion of well-known trade mark protection, and changes on non-traditional trade marks. These proposed changes, at least for the eight listed above, will definitely receive challenges from the industry. At this very early stage, according to China's legislative practice, the approved version might be substantially different and more conservative – most of the proposed changes are apparently favourable to brand owners, which could change the balance or even reshape the current landscape.

Moreover, many of the proposed changes are still in a very general or conceptual level, leaving more detailed and practical questions to be answered after approval. In China, the practice is to issue judicial interpretations, regulations, implementation rules, guidance and policy documents to clarify the detailed criteria. The guiding/representative cases periodically released by courts and administrative authorities provide more detailed guidance applied to specific situations. That said, this round of improvement of the trade mark system in China might take a few years, but brand owners will have higher degree of transparency and predictability on the authority's practices this time than previous amendments.

Guidance From the CNIPA

Guidelines issued by the CNIPA

Following the implementation of the Trade Mark Examination Guidelines and the Criteria for Judging Ordinary Trade Mark Violations on 1 January 2022, both of which focused on registration and use of registered trade marks, as well as the Judging Criteria for Trade Mark Infringement effective as of 15 June 2020, the CNIPA issued the following important policy documents that brand owners might need to pay more attention to.

- Q&A for the Trade Mark Examination Guidelines – the CNIPA interprets four important issues in the examination guidelines – well-known trade mark, distinctiveness examination, absolute ban for registrations, and bad-faith trade mark filings – with explanations, examples, data and backgrounds.
- Understanding and Application of the Judging Criteria for Trade Mark Infringement – the CNIPA issued this 98-page document with detailed explanations and cases for the criteria, which is the guidance for local trade mark enforcement authorities in handling trade mark infringement cases.
- Understanding and Application of the Criteria for Judging Ordinary Trade Mark Violations – the CNIPA issued nine short articles in November 2022, going through the criteria, which is the guidance for local trade mark enforcement authorities in handling trade mark use violations.
- Guideline on Registration and Use of Service Marks in Class 35 – the CNIPA issued this guideline to provide some details on controversial issues around registration and use of the so-called “almighty” trade mark, which has been used by trade mark registrants against any sales or promotion of goods in any classes.

- Guideline on Avoiding Conflicts with Prior Rights in Trade Mark Registrations – the CNIPA issued this guideline to provide more details, including explanations and cases, on situations where a trade mark filing is denied on the ground of infringing other’s prior rights.
- Guideline on Trade Marks Prohibited from Use – the CNIPA issued this guideline to provide more details on the controversial absolute ban under Article 10.1 of the Trade Mark Law – any mark violating this article cannot be registered and is prohibited from use in commerce.

In addition to the nationwide policy documents issued by the CNIPA, guiding cases or representative cases were also released by the CNIPA and local administrative authorities – administration of market regulations (AMR) providing more detailed guidance for brand owners to use and enforce their trade marks.

“Deceptive marks” and “marks with other negative impacts”

Deceptive marks and marks with “other negative impacts” under Articles 10.1(7) and 10.1(8) of the Trade Mark Law have become a headache to foreign brand owners over the past few years. It started when their applications for trade marks used for many decades in other jurisdictions or the corresponding Chinese translation were rejected by the CNIPA, on the ground that the marks “could be easy to cause the public to be misled over characters of the goods” or “has other negative impacts” (eg, the use of “Christian” or “God”, which was a part of the registrant’s trade mark used for a long time, in a non-offensive manner automatically triggers this absolute ban for detrimental effects to religious groups). The new trade mark examination guidelines lists many more circumstances and examples than its earlier versions. In practice, it

is not easy for a brand owner to prove that the subject mark is not deceptive or has no negative impacts even producing objective evidence showing that the public in China are not misled or harmed after decades of the commercial use. Another problem arising out of this in recent years is that the absolute ban has become an “effective weapon” for trade mark infringers to invalidate a brand owner’s trade marks. Infringement claims will be rejected if the asserted trade marks are invalidated (the invalidated mark is deemed as invalid from the beginning).

The most serious problem for brand owners who have such marks is that the use of these marks now are subject to administrative injunctive orders and fines. While the language that any trade marks violating Article 10.1 shall not be used has existed since 1993, there is no clear legal authority of enforcing such ban on use until the promulgation of the Criteria for Judging Ordinary Trade Mark Violations. Under the current rule, local AMRs is required to enforce the ban against a brand owner’s use of a trade mark that has been ruled by the CNIPA as one violating Article 10.1. This also brings an enforcement obstacle – the recent judicial interpretation to the unfair competition law also makes clear that any claims of product name, trade dress or trade name based on a mark violating Article 10.1 shall be rejected no matter how egregious the defendant is and the high likelihood of confusion among the public.

Given the rigid but expansive application of Articles 10.1(7) and 10.1(8) of the Trade Mark Law under the current practice, brand owners should be much more cautious now when using and enforcing marks that could violate the absolute ban. While this issue has been heavily debated recently, the landscape is not improved and it is still not easy for a brand owner to get its

decades-long trade mark registered or to defend an invalidation petition filed by an infringer. With the new regulations and guidelines, brand owners should assess the existing practice in China and be prepared for administrative raids by local AMRs.

Stronger Judicial Protection

Damages – “compensative” to “punitive”

From a policy level, the government repeatedly emphasises that damages should be strengthened in order to compensate IP owners and deter infringers. The Supreme People’s Court has improved evidence rules and introduced more practical measures for collecting evidence in the past years in order to solve the “low compensation” problem. Representative cases were also released by different levels of courts to illustrate the rules, and courts have been more active in reviewing claims for punitive damages.

Under the current framework, courts are still cautious in granting punitive damages awards, as the rule requires that plaintiffs provide solid evidence to support their claimed method of damages calculation and to prove the elements required for eligibility of punitive damages. In trade mark infringement cases, proving losses or illegal profits is not easy even with the improvements mentioned above. According to a case study covering trade mark infringement cases from 2013 to 2021, punitive damages awards were granted in less than 2% of the trade mark infringement cases, when such claims were made by plaintiffs.

It is encouraging to see that some courts have begun to consider those “punitive” elements to grant high statutory damages awards when the plaintiffs found it difficult to produce the evidence. For example, Guangdong High Court granted a statutory damages award of CNY5 million, the maximum amount under the current law, in a trade mark infringement case where the plaintiff was unable to provide the basis for calculating punitive damages, by considering the defendant’s repeated and wilful infringement, which are elements for punitive damages. Another similar case was decided by Shandong High People’s Court, and the person in charge was also ordered to be jointly liable for the CNY5 million statutory damages award under the piercing the corporate veil theory.

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King & Wood Mallesons (KWM) is an international law firm headquartered in Asia. As an international law firm able to practice in the PRC, Hong Kong, Australia, the UK, the US and the European Union, KWM's presence and resources are profound. Leveraging its exceptional legal expertise and depth of knowledge in the

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

In Costa Rica, trade marks are mainly governed by the Trademark and Other Distinctive Signs Law (Law 7978). Furthermore, the Law on Procedures for Enforcement of Intellectual Property Rights (Law No 8039) applies to trade mark infringement cases, as well as the Competition and Consumer Defense Law (Law No 7472) for unfair competition cases that involve trade marks.

Treaties

In Costa Rica, treaties and conventions have a hierarchy above regular law. Costa Rica is a member of the following treaties that include trade mark provisions:

- the Paris Convention;
- the Nice Agreement;
- the Trademark Law Treaty (TLT); and
- the TRIPS Agreement.

Court Decisions

Trade mark rights are not governed by case law. Costa Rican courts are allowed to interpret the legal provisions regarding trade marks when deciding the cases before them. The only binding court decisions are those that come from the Constitutional Chamber of the Supreme Court.

1.2 Types of Trade Marks

The types of distinctive signs under the Costa Rican legal system are as follows:

- trade marks;
- trade names;
- slogans;
- special designs; and
- three-dimensional trade marks.

Additionally, there are certification trade marks, collective trade marks, denomination of origin and geographical indication.

Although use is important in Costa Rica, distinctive signs must be properly registered to be fully protected. Common law trade mark rights do not apply in Costa Rica.

1.3 Statutory Marks

Costa Rica does not have specific marks that are protected by statute in a way that is different from ordinary marks. The only special protections, according to Costa Rican law, are regarding famous or notorious trade marks.

There are also certain government symbols that have special protection, such as flags, emblems or national symbols. Furthermore, as per international treaties, other specific prohibitions can apply, for instance in respect to signs such as those of the Red Cross or the Olympic Games.

1.4 Well-Known Foreign Marks

Costa Rica recognises and protects marks that are famous outside the country but are not yet registered or in use locally. It is possible to refuse a trade mark in Costa Rica by taking into consideration foreign well-known marks.

1.5 Term of Protection

The term of protection for trade marks in Costa Rica is ten years. They may be renewed indefinitely for successive periods of ten years, counted from the date of the preceding expiration.

1.6 Exhaustion of Trade Mark Rights

According to Costa Rican legislation, the registration of a trade mark grants its owner the right to prohibit a third party from using the trade mark on legitimately marked goods introduced into commerce, in the country or abroad, by said

owner or another person having the owner's consent, provided that such goods and the containers or packaging have not undergone any modification, alteration or deterioration and that they do not cause prejudice to the owner.

1.7 Symbols to Denote Trade Marks

According to Costa Rican legislation, the use of symbols is not mandatory. However, if owners decide to use them, the authorised symbol is ® or the phrase "Registered Trademark".

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

Trade mark assignments must be recorded before the Trade Mark Office. An assignment document (with specific requirements) as well as a power of attorney must be filed with the application.

Assignment documents must:

- be signed by the assignor and the assignee;
- include the trade mark(s) to be assigned;
- be valued; and
- be apostilled.

If preceding changes in ownership were not recorded, they must be made simultaneously at the time that the new change in ownership is recorded.

2.2 Licensing Requirements or Restrictions

Costa Rican law does not apply specific restrictions or requirements for licences, so general contractual law applies. Licences are not required to be registered before the Trade Mark

Office to be effective, but it is highly recommended.

According to Costa Rican law, exclusive and non-exclusive licences are accepted.

Licence agreements must contain the following information:

- type of licence;
- territory; and
- duration.

In the absence of any stipulation to the contrary, in a licence agreement the following rules shall be applicable:

- the licensee shall have the right to use the mark during the entire term of the registration, including renewals, throughout Costa Rica and regarding all the goods or services for which the mark is registered;
- the licensee cannot assign the licence or grant sub-licences; and
- where the licence has been granted as exclusive, the licensor may not grant other licences in respect of the same mark or the same goods or services; nor may they use the mark in Costa Rica in relation to those goods or services.

2.3 Registration or Recording of the Assignment

Assignments

Assignments must be recorded before the Trade Mark Office in order to be effective against third parties.

Licences of Use

It is not mandatory to register licences of use before the Trade Mark Office in order to be effective. Notwithstanding the foregoing, it is always

recommended to do so in order to have public notice before third parties.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no other requirements for licences or assignments.

2.5 Assigning or Licensing Applications

In Costa Rica, it is possible to assign an application or grant a licence in relation to it during the registration process of the trade mark.

2.6 Trade Marks as Security

Trade mark rights can be given as a security. For such guarantee to exist and begin to produce effects, it must be registered before the Public Registry.

3. Registration

3.1 Trade Mark Registration

Trade marks in Costa Rica must be registered to have complete protection and enforceable exclusive rights. Very limited rights are acquired by using a trade mark.

Notwithstanding the above, an opposition based on prior use of the mark may be filed. Though they shall be declared inadmissible if the opponent does not prove that they have not applied to the Industrial Property Registry (the “Registry”) for registration of the used mark. The Registry will accumulate the files relating to the application for registration that is the object of the opposition and the application for registration of the used trade mark, to resolve them jointly.

The opponent must file the application within 15 days from the filing of the application. When the prior use of the opposing party’s mark is proven

and the requirements set forth in this law for registration of the mark have been complied with, registration shall be granted. Registration may also be granted for the mark against which it is susceptible to creating confusion; in such case, the Registry may limit or reduce the list of goods or services for which each of the marks may be used, and may establish other conditions relating to its use, when necessary to avoid risks of confusion.

Secondary meaning does not apply in Costa Rica.

3.2 Trade Mark Register

Costa Rica has a Trade Mark Office that is part of the Costa Rican Public Registry.

Searches

Although it is not mandatory, proceeding with a trade mark search before filing an application is always recommended. It is important to take into consideration that design searches are not available in Costa Rica. According to the Trade Mark Office, this type of search may be implemented by 2023.

Official searches are available, though normally the searches are made manually by the law firm’s personnel directly in the Registry’s database, as the official searches are charged, they are not binding for a possible evaluation of an application and no opinion is granted by the Trade Mark Office regarding the results.

3.3 Term of Registration

The term of protection in Costa Rica is ten years. Trade marks may be renewed indefinitely for successive periods of ten years, counted from the date of the preceding expiration.

3.4 Updating or Refreshing Registrations

According to Costa Rican legislation, the owner of a trade mark may request, at any time, that the registration be amended to correct any error. The correction will not be admitted if it implies an essential change in the mark or an extension of the list of goods or services covered by the registration.

The owner of a registration may request, at any time, that the list of goods or services covered by the registration be reduced or limited. The reduction or limitation shall only be registered upon presentation of a written declaration of the third party, with the signature certified by a notary public, by virtue of which they agree to reduce or limit the list.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Requirements for a trade mark application:

- name and address of the applicant;
- place of incorporation, when it is a legal entity;
- the trade mark whose registration is requested;
- a reproduction of the mark, in the case of word marks with special graphics, shape or colour, or figurative, mixed or three-dimensional marks with or without colour;
- a translation of the mark, when it is constituted by some denominative element with meaning in a language other than Spanish;
- a list of the goods or services for which the mark is or will be used, grouped by classes according to the Nice International Classification; and

- a notarised power of attorney granted by the applicant.

A trade mark can be any sign or combination of signs capable of distinguishing goods or services, especially words or groups of words (including personal names), letters, numbers, figurative elements, figures, monograms, portraits, labels, coats of arms, prints, vignettes, borders, lines or stripes, combinations, and arrangements of colours, as well as any other distinctive feature. Likewise, they may consist of the form, presentation or packaging of the products, their containers, or wrappings or of the means or premises of sale of the products or services concerned.

Costa Rica, as part of the Nice Agreement, applies its classification of goods and services.

Both single class and multi-class applications are allowed.

4.2 Use in Commerce Prior to Registration

No evidence of use must be filed with a trade mark application. Though if a registered trade mark is not in use for five consecutive years, any third party can request its cancellation.

A trade mark is considered in use when the products or services that it protects have been placed on the market with that trade mark, in the quantity and in the manner that normally corresponds, taking into account the dimension of the market, the nature of the products and/or the modalities under which they are commercialised.

A trade mark is also considered in use regarding exported products or services provided abroad from Costa Rica.

4.3 Series Mark Registrations

Series trade mark registrations are not allowed in Costa Rica.

4.4 Consideration of Prior Rights in Registration

The only prior rights that could be raised in Costa Rica are:

- claiming priority base on an application filed on a country part of the Paris Convention; and
- if the trade mark has been declared famous and/or notorious.

No other prior rights are considered when examining an application. Costa Rica applies a very strict criteria based on the fact that each application is independent and must be analysed independently.

In general, Letters of Consent and/or Coexistence Agreements are not authorised and their use is extremely restrictive. The exception is when both companies belong to the same economic group and such relationship can be demonstrated by means of a capital stock certification.

4.5 Consideration of Third-Party Rights in Registration

Third parties have the right to participate during the registration procedures by filing oppositions. Any interested party may file an opposition against the registration of a trade mark within a period of two months from the first publication of the notice announcing the application.

After the application is filed it undergoes a substantive examination. Potential refusals can include:

- failure to comply with filing formalities;
- inherent un-registrability of mark; or
- conflict with prior trade mark rights.

If no objections are raised the application is published in the Official Gazette. Costa Rican law grants a term of two months for third parties to oppose and if no oppositions are filed within the next two months of the first publication date, the registration would be granted, and the registration certificate would be issued.

4.6 Revocation, Change, Amendment or Correction of an Application

In Costa Rica, changes, amendments or corrections can be made during the registration process of a trade mark or even once registered, if this amendment does not imply a significant modification of the trade mark, and regarding the list of goods or services, if this is a limitation, as adding additional goods or services is not permitted.

4.7 Dividing a Trade Mark Application

It is possible to divide an application at any time during the registration process in two or more applications. The only requirement is to request the division to the Trade Mark Office and pay the official expense.

A division will not be allowed if it implies extending the list of products or services filed in the initial application; but the list may be reduced or limited.

Each fractional application shall keep the filing date of the initial application and the right of priority, when applicable.

4.8 Incorrect Information in an Application

If incorrect information is provided when registering a trade mark, the registration can be annulled.

This annulment may be requested by any interested third party to the Trade Mark Office or it can be filed directly by this Office.

The Trade Mark Office will decide said issues.

4.9 Refusal of Registration

According to Costa Rican law, a sign may not be registered as a trade mark if:

- the usual or common shape of the product or packaging to which it is applied or a shape necessary or imposed by the nature of the product or service;
- it is a shape that gives a functional or technical advantage to the product or service to which it is applied;
- it is exclusively a sign or indication that, in the current language or commercial usage of the country, is a common or usual designation of the product or service in question;
- it is only a sign or indication that in commerce may serve to qualify or describe some characteristic of the product or service in question;
- it is a single colour;
- it is a letter or digit considered alone, unless it is presented in a special and distinctive manner;
- it is not sufficiently distinctive with respect to the product or service to which it is applied;
- it is contrary to morality or public order;
- it includes an element that offends or ridicules persons, ideas, religions or national symbols of any country or international entity;
- it is likely to cause deception or confusion about the geographical origin, nature, mode of manufacture, qualities, fitness for use or consumption, quantity or any other characteristic of the product or service in question;
- it is identical or similar, in such a way as to cause confusion, to a mark whose registration has expired and has not been renewed during the six-month priority period following its expiration, or has been cancelled at the request of its owner, and which was used in commerce for the same goods or services or others which, by their nature, may be associated with them, unless, since the expiration or cancellation, between one and three years have lapsed – this prohibition shall not apply when the person applying for registration is the same person who was the holder of the expired or cancelled registration or their successor in title;
- it is a geographical indication that does not comply with the provisions stated by law;
- it reproduces or imitates, totally or partially, a flag or other emblem, acronym, denomination, or abbreviation of denomination of any country or international organisation, without authorisation of the competent authority of the country or organisation;
- it reproduces or imitates, in whole or in part, an official sign of control or guarantee adopted by a country or public entity, without the authorisation of the competent authority of that country;
- it reproduces coins or banknotes of any country, other commercial documents, stamps, seals in general;
- it includes or reproduces medals, prizes, diplomas or other elements that lead to suppose the obtaining of awards with respect to the corresponding product or service, except if such awards have truly been granted to

- the applicant of the registration and this is accredited when filling for the registration;
- it consists of the denomination of a plant variety protected in Costa Rica or in any foreign country with which a treaty or agreement has been signed for the protection of plant varieties; or
 - the mark consists of a label or other sign composed of a set of elements, and the name of a product or service is expressed therein, the registration shall only be granted for that product or service.

If the Trade Mark Office objects to the application, it will grant a 15- or 30-day term to file a response. In such response, the applicant must try to persuade the Trade Mark Office that the application can obtain the correspondent protection.

4.10 Remedies Against the Trade Mark Office

Administrative Remedies Against the Trade Mark Office

It is possible to file the pertinent appeals against any decision that refuses a trade mark registration. Such appeals are resolved, in first instance by the Trade Mark Office and in second instance by the Administrative Board of Appeal of the Registry.

In both cases, a hearing will be served, and the applicant can file the correspondent arguments to try to overcome the refusal of the application.

Judicial Remedies

Trade Mark Office or Administrative Board of Appeals resolutions can be challenged through an ordinary lawsuit in judicial court before the Judicial Administrative Conflicts Court.

4.11 The Madrid System

Costa Rica is not part of the Madrid System.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The opposition needs to be filed within two months of the first publication date of the trade mark in the National Gazette. No extensions can be requested.

5.2 Legal Grounds for Filing an Opposition

The legal grounds of an opposition are normally similar for registered trade marks, although any prohibition to register is a valid basis to oppose.

Lack of distinctiveness, dilution of a trade mark or confusing trade marks are also legal grounds for opposition.

5.3 Ability to File an Opposition

Any interested party may file an opposition against the registration of a trade mark. This procedure does not require an attorney, though normally they are filed by the legal representatives of the opponent party.

The opponent can file the opposition without holding a trade mark, though according to legislation, an application must be filed by the opponent to support the opposition.

The average office and attorney's fees are USD1,000.

5.4 Opposition Procedure

Once an opposition is filed, the applicant will be granted a two-month term to file its arguments. Once the Trade Mark Office has both parties' arguments, the opposition will be resolved.

The applicant is not obliged to respond to the opposition, though it is highly recommended.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Against the decision of the opposition, it is possible to file the pertinent appeals. Such appeals are resolved, in first instance by the Trade Mark Office and in second instance by the Administrative Board of Appeal of the Registry.

In both cases, a hearing will be served, and the applicant can file the correspondent arguments to try to overcome the refusal of the application.

Finally, Trade Mark Office or Administrative Board of Appeals resolutions can be challenged through an ordinary lawsuit in judicial court before the Judicial Administrative Conflicts Court.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

According to Costa Rican legislation, there is a four-year period to request an annulment, and a five-consecutive year period for non-use cancellations. The term is counted from the registration date of the trade mark.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding Annulment Action

The legal grounds to file these actions are:

- prior rights of third parties; or
- any of the legal grounds by which the Trade Mark Office can reject a trade mark (see 4.9 Refusal of Registration).

Non-use Actions

The legal grounds to file this action is the non-use of the trade mark for five consecutive years.

6.3 Ability to File a Revocation/Cancellation Proceeding

Revocation/cancellation proceedings can be filed by an owner of a prior trade mark, any interested third party or the Trade Mark Office. If the action is filed by a third party, they must have a legal or commercial interest, otherwise it can be rejected. They shall indicate and clearly explain in the cancellation action, the legal or commercial interest in the cancellation action.

6.4 Revocation/Cancellation Procedure

This type of action is normally brought before the Trade Mark Office first.

6.5 Partial Revocation/Cancellation

Partial revocation of cancellation actions is possible.

When the grounds for invalidity have only occurred with respect to some of the goods or services for which the trade mark was registered, the invalidity shall be declared only for those goods or services, and they shall be removed from the respective list in the registration of the trade mark.

6.6 Amendment in Revocation/Cancellation Proceedings

It is possible (although not common) for the trade mark owner to make an amendment during revocation or cancellation proceedings while they are still pending to be solved.

6.7 Combining Revocation/Cancellation and Infringement

Generally, cancellation and infringement proceedings will run separately.

6.8 Measures to Address Fraudulent Marks

There are no special procedures to revoke or cancel marks that were filed fraudulently.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Claims to request the annulment of a registered trade mark under the Costa Rican trade mark law must be filed within four years of its registration.

Civil trade mark lawsuits for infringement between commercial entities or companies should be filed within four years counted from the date that the infringement ceases. If the infringement involves individual persons, then the statute of limitations allows for lawsuits up to ten years.

Some infringement actions can have more extensive statutes of limitations. If the infringement has continuous effects, then the term to file a lawsuit will remain open indefinitely. This applies to unfair competition cases in which the offender remains active in commerce infringing the trade mark rights of the other party.

7.2 Legal Grounds for Filing Infringement Lawsuits

The owner of a registered trade mark can pursue civil actions for civil liability for damages and losses caused by the infringement as well as unfair competition claims which occur when the offender's infringement produces confusion with the products or with the activity of another person or company, by using, imitating or reproducing intellectual property rights from the other party. These claims can potentially include dilu-

tion and cybersquatting, although those are not expressly contemplated in Costa Rican law. Nonetheless, if the owner of the trade mark can justify a detrimental effect on its rights, it is possible to include dilution or cybersquatting claims.

Furthermore, the affected person can also file criminal actions when the infringement classifies as a felony.

7.3 Parties to an Action for Infringement

In civil judicial procedures any person affected by actions infringing intellectual property rights can file actions. Normally, the infringement action should be filed by the registered trade mark owner or licensee since a potential harm or actual damage to a right is required to file an action. In certain circumstances, consumers could potentially submit a lawsuit if the infringement causes direct harm to consumers.

Criminal procedures can only be filed by the affected person.

As regards the passive subject of the claims, it will always be the offender or competitor that benefits, or may benefit, with the improper behaviour.

7.4 Representative or Collective Actions

Costa Rican law does not allow for class actions. However, if a trade mark infringement could lead to consumer harm, consumer protection organisations or associations could potentially file a civil lawsuit.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no formal prerequisites or restrictions to filing a lawsuit. However, it is important to have a registered trade mark and adequate evidence to demonstrate the infringement, as well

as the damages caused by the illegal or unfair competition actions.

Furthermore, before starting a judicial process, the owner of a trade mark may send, at its discretion, a warning letter to the alleged infringer and demand a declaration of agreement to cease and desist from the respective trade mark infringement, threatening further legal action in the event of non-compliance. This process is not required but is frequently employed to try to solve the conflict without litigation.

7.6 Initial Pleading Standards

The pleading standards to initiate an infringement or unfair competition lawsuit are equivalent to any civil lawsuit. In this regard, the lawsuit should list all the relevant facts and legal arguments and claims, submit all evidence regarding the infringement and damages caused, and provide the relevant power of attorneys. The defendant in a trade mark action can initiate a counter lawsuit in response if it considers that the plaintiff has violated their rights.

7.7 Lawsuit Procedure

Civil lawsuits for infringement will be heard before the Judicial Civil Court in an ordinary civil judicial process. Typically, the process involves the filing of the lawsuit, the defendant's response, one preliminary hearing to review the process formalities, claims and evidence that will be admitted by the Court, and one additional hearing to evacuate testimony from witnesses and present closing arguments. Afterward, the Court issues the first instance ruling. This ruling can be appealed before the First Chamber of the Supreme Court.

To file a lawsuit, the parties need to be represented by a lawyer and it is usual to execute powers of attorney that require legal authen-

tication. Furthermore, for evidence purposes sometimes it is required to have notary public certifications of documents or affidavits.

7.8 Effect of Trade Mark Office Decisions

Trade Mark Office decisions are not binding on the judge; however, they can provide interpretation and technical criteria that can be used by the court in its rulings. They can also be included as evidence in legal proceedings.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

The infringer cannot normally initiate declaratory proceedings. If a preliminary injunction is requested by the plaintiff a bond must be posted by the plaintiff to secure the damages that may be caused by the defendant and the bond will be lost in the defendant's favour if the plaintiff fails to pursue the claim to a favourable conclusion. Regardless, the defendant may pursue a counterclaim against the validity of the plaintiff's registration as soon as the defendant receives a formal notice of the plaintiff's complaint.

7.10 Counterfeiting

There are no special procedures addressing counterfeit marks. These cases will be handled by the administrative, civil or criminal courts according to the nature of the infraction and the specific claims of the affected party. Criminal liability may also fall on importers, distributors or sellers or supply chain thereof of the products bearing the forged trade mark.

In addition, it is possible to request to the Customs Department the inclusion on their databases so they can notify trade mark owners of any imports that may infringe registered marks. Also, trade mark owners may provide customs

with information to help them detect counterfeit products.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no special provisions for trade mark proceedings. The proceedings will follow the standard procedure rules for civil, administrative or criminal cases.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is not necessary, nor a legal requirement, to establish use of a sign as a trade mark to file a lawsuit. However, in the absence of use of the trade mark for a period of five years the other party can request the cancellation of the trade mark at an administrative level and this can potentially have an effect on the trade mark rights invoked in a lawsuit. Furthermore, the actual use of the trade mark can also serve as a parameter to determine actual damages in a compensation case.

8.3 Factors in Determining Infringement

Several factors are considered in determining whether the use of a sign constitutes trade mark infringement, in particular, the degree of similarity between signs (grammatical, graphical, visual, phonetical), common target markets or distribution channels, and intentionality are usually analysed in these types of claims. Any element that may lead to confusion among the consumers will also be a factor during the lawsuit, such as intensity and duration of advertising and publicity schemes, or degree of the trade mark's recognition.

After conducting an overall assessment of the similarity of the signs, the goods and services and the distinctiveness of the trade mark, the judge must then establish that these elements lead to a likelihood of confusion or association with the existing trade mark.

8.4 Elements of Other Trade Mark Claims

Within civil infringement actions it is possible to file claims for any act that may have a detrimental effect on a trade mark owner's rights. These claims can potentially include dilution and cybersquatting, although those are not expressly contemplated in Costa Rican Law.

In particular, the trade mark owner may take action against the use of a sign identical or similar to the trade mark for goods or services which are not similar to those for which the trade mark enjoys protection if the trade mark is a trade mark which has a specific reputation in Costa Rica or a notorious global brand and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark which has such reputation.

8.5 Effect of Registration

Registrations are presumptively valid and provide exclusivity over all products or services covered by the registration certificate. Therefore, the registered owner is considered as the actual owner of the trade mark.

Furthermore, Article 25 of the Trade Mark Law sets forth that the owner of the trade mark will have the exclusive right to impede that third parties use similar or identical signs in commerce without its prior consent when there is a likelihood of confusion. If the sign used by the third party is identical or for identical goods or services, there will be a presumption of confusion.

8.6 Defences Against Infringement

There are two types of defences: formal and material. The formal defences refer to procedure aspects and include, among others, expiration of rights due to claims filed beyond the statute of limitations, inadequate representation, lack of legal capacity, lack of actual interest in the case, lack of jurisdiction, existence of settlement agreements, or any defence based on general civil, administrative or criminal law principles are applicable as well.

The material defences refer to substantive matters regarding the use of the sign. In this regard, a defendant may invoke an earlier right to use a specific sign. Defendants may also refer to the use of their own name or address, or the use of the trade mark as an indication concerning the kind, quality, quantity, intended purpose, value, geographical origin, time of production or time of rendering a service, or other characteristics of the goods or services, as far as the use of the trade mark by a third party is necessary and in accordance with good faith practices in industrial or commercial matters.

8.7 Obtaining Information and Evidence

The general rule is that the information and evidence have to be obtained by the plaintiff. Costa Rican law does not provide for disclosure or discovery. If the information is relevant and it is impossible for the party to obtain it by its own means, then the parties can request the judge to compel the other party or a third party to provide relevant information or documents or to visually inspect websites or premises located in Costa Rica specifying in each case the documents and information to be sought.

However, if the infringement is obvious, or the owner has already filed an infringement action against the infringer, the owner of a trade mark

or commercial designation has a special claim for disclosure of certain information against third parties who, in a commercial capacity, possessed infringing goods, used infringing services, rendered services which were used for the infringement or took part in any such action.

In addition, during infringement proceedings, the defendant may be ordered to disclose specific information to the claimant as part of the infringement claims – eg, with regard to the revenue generated by the infringing goods or services.

8.8 Role of Experts and/or Surveys

In most cases, surveys and experts are not required for this proceeding, since they are not necessary for determining the likelihood of confusion between trade marks or the similarity between the products and services. Still parties can offer expert witnesses (proposed by the party) or official experts/appraisers that are those registered in the court.

In certain cases, experts can be useful to assist the judge in determining the compensation or indemnification sums that correspond to the damages and losses that a potential infringement caused.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringements in certain circumstances can constitute administrative or criminal offences. Specifically, at an administrative level the Consumer Protection Agency can analyse unfair competition cases and impose administrative sanctions when the infringement can cause consumer harm.

If the trade mark is forged, then criminal liability may result including imprisonment and a severe

fine. In both cases, the owner of the infringed mark may also pursue damages.

8.10 Costs of Litigating Infringement Actions

The typical costs are around 10% of the estimation of the claim, with minimum fees in the USD10,000 to USD15,000 range plus taxes, government fees and expenses. However, this will depend on the resistance from the defendant, costs for obtaining evidence, counterclaims, etc.

9. Remedies

9.1 Injunctive Remedies

All injunctions available under civil or criminal proceedings are available for trade marks. In civil proceedings, the trade mark owner, as plaintiff, may file for injunctive relief when there is a reasonable degree of probability that their rights will be affected by the infraction.

The judge has discretion to order remedies, such as forcing the infringer to seize the infringing conduct. All remedies shall comply with the proportionality principle, which means that the judge must analyse the severity of the infringement, the extent of the actual or potential damages that can be caused, the legitimate interests of third parties or to the public interest.

The judge can also request a bond or guarantee that will need to be posted by the plaintiff to guarantee the damages caused to the defendant if the final decision of the case does not rule in the plaintiff's favour or if the plaintiff does not prosecute the case all the way through.

9.2 Monetary Remedies

The general indemnification rules for damages under civil law apply. As such, a plaintiff can seek compensation for all actual and direct damages that result from the infraction including lost profits of the owner of the infringed trade mark registration.

Furthermore, to determine the amount of damages the judge can factor in the value of the infringed goods or services as per their market value or their suggested retail price and the profits received by the infringer from the unlawful conduct.

9.3 Impoundment or Destruction of Infringing Articles

In case of a trade mark infringement, the owner of the trade mark may apply for destruction or recall of infringing goods. However, this claim must fulfil the proportionality principle and this remedy shall not apply if the destruction or impoundment is disproportionate in individual cases (see 9.1 Injunctive Remedies).

9.4 Attorneys' Fees and Costs

Each party is responsible for its own costs. However, the losing party is required to reimburse the prevailing party for all costs of litigation fees inclusive of court fees, expenses and attorney fees of both parties in the statutory amount of the Costa Rican Bar Association; this does not include higher costs due to a fee arrangement.

9.5 Ex Parte Relief

In Costa Rica, the Constitutional due process principle requires the notification of the defendant who has the opportunity to participate in any proceeding that may affect its rights or cause harm. This also grants the right to be heard before a preliminary injunction.

Under exceptional circumstances of irreparable harm or urgency the court can order a provisional or temporary remedy without prior notice to the other party. However, the affected party must be notified of the court resolution and can present its opposition within a three-day term. This scenario is unlikely for trade mark proceedings but is available under Costa Rican civil process.

9.6 Rights and Remedies for the Prevailing Defendant

The prevailing defendant in a civil case might be entitled to a reimbursement of legal fees, if the plaintiff is fully defeated and the court deems it had no valid reasons to litigate.

Furthermore, if a preliminary injunction was issued and a bond was posted by the plaintiff for such purpose, the defendant is entitled to it for the damages suffered.

9.7 Customs Seizures of Counterfeits or Criminal Imports

In Costa Rica, parallel imports are permitted and there is no remedy against them from a trade mark perspective. Provided that an owner has recorded their contact and trade mark information in the customs' database, if there is an import of counterfeit products detected by customs, a notice will be sent to the owner to inform of the shipment. If deemed counterfeit, the trade mark owner is entitled to request the shipment not to be released and may initiate criminal proceedings.

9.8 Different Remedies for Different Types of Trade Marks

Remedies do not differ regardless of the kind of trade mark infringed.

10. Resolving Litigations

10.1 Options for Settlement

In Costa Rica, the National Constitution and the Alternative Dispute Resolution Act allow parties to freely settle any existing dispute before a ruling is entered as long as they are in agreement.

Settlements can be executed within the judicial process through a formal court mediation or in a court hearing or can also be extrajudicial through direct negotiation of the parties or before a conflict resolution centre either through formal conciliation, mediation or arbitration.

10.2 Prevalence of ADR

ADR mechanisms are not compulsory. ADR is not very common in IP matters in Costa Rica, and even less so in trade mark cases. In infringement cases the most common ADR option to reach settlement agreements is through direct negotiation of the parties. Furthermore, contract provisions (arbitration clauses) may require the settlement of trade mark disputes between the contract parties before an arbitration tribunal.

10.3 Other Court Proceedings

Generally speaking, other court proceedings do not have an influence on the current proceedings. However, in some exceptional circumstances, the court can issue stays to prevent conflicting resolutions.

Furthermore, certain actions brought before the Constitutional Chamber of the Supreme Court can order the suspension of the final rulings from proceedings in Civil, Administrative or Criminal Courts, as long as there is a material or procedural connection between the issues discussed in the Constitutional Chamber of the Supreme Court and the other judicial infringement proceedings.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

In civil proceedings, the first instance court decision can be taken to an appellate court. The competent appeals court and the timeframe to submit the appeal will depend on the total sum claimed in the lawsuit. For “low claim” proceedings, the appeal has to be filed before the Civil Appeals Court within five days of the notice of the first instance court decision. For lawsuits that exceed the “low claim” thresholds, the appeal has to be filed within 15 days before the First Chamber of the Supreme Court.

11.2 Special Provisions for the Appellate Procedure

The General Civil Process rules for appeals apply in trade mark proceedings.

11.3 Scope of the Appellate Review

During the appeal process, the competent higher court can review:

- infraction to due process or procedure regulations;
- lack of motivation or contradiction in the decision;
- legal validity of the evidence;
- inadequate analysis of evidence or interpretation error; and
- violation to substantive legal regulations.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Trade marks can also be protected as copyrights, but it is not very common. According to

legislation, one of the limitations to register a trade mark is if it infringes a third party copyright.

12.2 Industrial Design

A trade mark can be protected by an industrial design, however, it is not very common.

12.3 Rights of Publicity and Personality

Rights of publicity or personality usually are protected as regular trade marks and have the same registration process.

12.4 Unfair Competition

Costa Rica has regulations in the Competition Promotion and Consumer Defence Act and its by-laws that apply to unfair competition cases. Those regulations assist with the enforcement of the infringement situation. Unfair competition cases must be discussed on a judicial ordinary civil proceeding or at an administrative level before the National Consumer Commission when the illegal practice can cause consumer harm.

13. Additional Considerations

13.1 Emerging Issues

Recent emerging issues in Costa Rica include the recent availability of:

- electronic filing and registration procedures; and
- electronic certificates.

13.2 Trade Marks and the Internet

There are no special rules for trade marks on the internet nor server provider liability. However, general liability and compensation principles apply since the liability for online infringement is no different than the liability in the regular “physical” commerce. If the service provider is not act-

ing diligently and is favouring the infringement, it could be liable for damages under civil liability principles (eg, for not responding or co-operating in duly justified requests).

13.3 Trade Marks and Business

In Costa Rica having a company name does not constitute an authorisation to use that company name as a trade mark for products or services.

Trade names, according to Costa Rican legislation, are the signs that identify and distinguish a company or a specific commercial establishment. The exclusive right to a trade name is acquired by its first use in commerce and ends with the extinction of the company or establishment using it. Though it is highly recommended to register them before Trade Mark Office.

Zurcher, Odio & Raven is one of the most consolidated law firms in Costa Rica, with more than 85 years of experience. The firm has been one of the most relevant players in the country's intellectual property (IP) area of practice, advising and representing national and international companies and law firms at a local, regional and global level in trade mark, patent, copyright and privacy law matters. Furthermore, the firm historically has been one of the most active in trade mark applications and transactions, IP litigation and enforcement in Costa Rica. The

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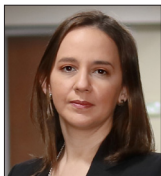
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CZECH REPUBLIC

Law and Practice

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Trade mark protection in the Czech Republic is statutory; it is governed in particular by Act No 441/2003 Coll, on Trade marks (“the Trade Mark Act”) and Act No 221/2006 Coll, on the Enforcement of Industrial Property Rights. Rights in the Czech Republic are not governed by case law, but courts and the Czech Industrial Property Office usually follow important decisions of the CJEU as well as decisions of Czech courts and the Industrial Property Office (IPO) whose arguments they use in their decisions.

The Czech Republic is a member of both the Madrid Agreement and the Madrid Protocol, which regulate international trade marks. It is also a member of the Paris Convention for the Protection of Industrial Property (the “Paris Convention”) and the Agreement on Trade-Related Aspects of Intellectual Property Rights, which are mostly applied in cases of “well-known marks”, and the Nice Agreement concerning the international classification of goods and services.

1.2 Types of Trade Marks

Registered trade marks are protected under the Trade Mark Act. There are different types of trade marks that can be registered under Czech law:

- verbal designations (word marks);
- proper names;
- numbers;
- logo marks (devices);
- word marks in combination with letters and numbers;
- label marks with pictures, images, symbols and drawings;
- figurative marks;
- colours;

- slogans;
- digital marks;
- 3-D signs;
- form of goods;
- packaging of goods; and
- a combination of all of the above.

There are also collective and certification trade marks. A collective trade mark is capable of distinguishing the goods and services of the members or shareholders of a legal person from those of other persons. A certification trade mark is a trade mark which is capable of distinguishing certified goods or services from uncertified goods or services.

Unregistered trade marks (unregistered signs or other signs used in the course of trade, such as domain names, company names) are protected under the law of unfair competition.

1.3 Statutory Marks

Czech law provides special protection for Olympic symbols under Act No 60/2000 Coll, on the Protection of Olympic Symbols.

1.4 Well-Known Foreign Marks

The Czech Republic is a member of both the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights, which grant protection to “well-known marks” that are neither registered nor used in the Czech Republic.

1.5 Term of Protection

Trade marks in the Czech Republic are protected for the period of ten years from the filing of the trade mark application.

1.6 Exhaustion of Trade Mark Rights

The requirements for an exhaustion of trade mark rights are fulfilled in cases where goods

marked with a trade mark have been put on the market in an EU member state or in another member state of the European Economic Area (EEA) under that trade mark by the proprietor or with their consent.

Nevertheless, if there are legitimate reasons, the proprietor of that trade mark can oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

1.7 Symbols to Denote Trade Marks

Trade marks may be accompanied by the ® symbol or the letters TM. Under Czech law, the use of the symbol or TM is a right, not an obligation of the trade mark proprietor. The actual placement of the symbols is not regulated by law.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A trade mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered. The transfer of the trade mark must be made in writing by means of a contract and comes into effect after it is registered with the Czech IPO which enters the facts in the register within one month after receiving all documents necessary to do so. No approval from the IPO is necessary.

2.2 Licensing Requirements or Restrictions

The right to use a trade mark may be licensed through a licensing contract, concluded pursuant to provisions of the Civil Code, for all or some of the goods or services for which the trade mark

is registered. A licence may be exclusive or non-exclusive. The licence takes effect upon its entry in the register, with the exception of a licence regarding well-known marks. If the contract is concluded for an indefinite period, the notice of termination takes effect one year after the end of the calendar month in which the notice is received by the other party.

2.3 Registration or Recording of the Assignment

An assignment or a licence contract does not have to be approved or registered by the Czech IPO, but failure to do so may bring some complications in the form of prolonging any proceedings by proof of rights, as there is an assumption that the owner of a trade mark is the one listed in the registry. Therefore, it is recommended to register both the change of ownership and any licences with the IPO. The assignment of a trade mark comes into effect after it is registered.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no further requirements in order for a licence or assignment to be valid.

2.5 Assigning or Licensing Applications

It is possible to assign a trade mark application or to grant a licence to the trade mark application.

2.6 Trade Marks as Security

A trade mark may be the subject of security, the subject of another real right, or the subject of the enforcement of a decision or of a seizure procedure, and may be included as an asset. Upon request, the IPO enters the facts in the register within one month from receiving all documents necessary to do so.

3. Registration

3.1 Trade Mark Registration

Trade mark rights can be acquired by registering a trade mark. “Unregistered signs” and “well-known trade marks” are also protected.

3.2 Trade Mark Register

Trade mark applications are published in the official Gazette of the Czech Industrial Property Office (the “register”), which also administers an online database where information can be found regarding new applications, registrations, oppositions, decisions on the rejection and/or cancellation of trade marks, etc. The Gazette is published weekly.

Before filing a trade mark application, it is recommended to new applicants to conduct a clearance search for identical or highly similar trade marks that could represent a risk during the application proceedings. The clearance search can also be conducted by the Czech IPO, which uses all accessible databases (the Czech trade mark database, WIPO, EUIPO and Corsearch).

3.3 Term of Registration

Czech national trade marks are registered for a period of ten years from the date of filing and may be renewed upon the request of the trade mark proprietor for additional periods of ten years without limitation. If the proprietor of a trade mark does not apply for renewal of the registration, the trade mark will expire. The IPO informs the proprietor of the trade mark of the expiry of the registration at least six months before the expiry.

3.4 Updating or Refreshing Registrations

The registration of a trade mark can be renewed at the request of the proprietor for further periods of ten years at a time. The request for

renewal must be submitted 12 months prior to the expiry of the registration, at the latest on the date of expiry. The time limit for submitting the request for renewal of the registration cannot not be extended or reinstated.

The request for renewal of the registration may be filed at the latest within a further period of six months following the expiry of the registration.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Under the Trade Mark Act, a trade mark may consist of any signs, in particular, words (including personal names), colours, designs, letters, numerals, the shape of goods or the packaging of goods, or sounds, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of another and are being represented in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

The application for a trade mark registration must be filed with the Czech IPO on a special form that is also available on the website. The application must include:

- the name of the applicant (natural or legal person, more persons as co-proprietors);
- the logo (if any) in black and white or in colour;
- the address and nationality of the applicant;
- the classes in which registration is sought;
- the power of attorney if represented by a counsel; and

- the details regarding the goods and services for which registration is sought (as per NICE classification).

4.2 Use in Commerce Prior to Registration

The Czech legal system has certain requirements regarding the use of a trade mark.

- Prior to filing – use of the trade mark prior to filing is important to acquire distinctiveness for generic and descriptive marks through continuous usage of the marks in commerce.
- Post filing – failure to use the mark post-registration for five years continuously could lead to the cancellation of the trade mark due to non-use. However, resumed use of the mark could re-validate registration provided there is no third-party action for cancellation of the trade mark being resumed for use.

4.3 Series Mark Registrations

The Czech legal system does not allow for the registration of series marks. One application is only intended for one trade mark.

4.4 Consideration of Prior Rights in Registration

The Czech IPO does not consider prior rights during the examination of an application for registration.

4.5 Consideration of Third-Party Rights in Registration

Any person may, by the end of the time limit for filing an opposition, submit to the IPO observations based on absolute grounds. The IPO takes into account the observations in the course of the registration procedure. A person who has made the observations is not a party to the proceedings before the IPO. The applicant is informed about the observations and the outcome of their

assessment and may comment on them within the time limit set by the IPO. The IPO informs the person who has made the observations about the outcome of their assessment.

Owners of prior rights may lodge opposition within three months following the publication of the trade mark.

4.6 Revocation, Change, Amendment or Correction of an Application

The application may be amended, upon request of the applicant, only by correcting the first name, surname, corporate name, address, or the company residence, or errors of wording or of copying or obvious mistakes, provided that such correction reflects reality and does not substantially change the sign applied for. Where the amendment affects the sign applied for or the list of goods or services and is made after the publication of the application, the application is published again as amended. The applicant may withdraw their application or restrict the list of goods or services in the application at any time. The restriction cannot be withdrawn.

Once the trade mark application is filed, the IPO examines whether the application complies with the requirements (see **4.1 Application Requirements**). If the application does not satisfy the requirements, the IPO requests that the applicant remedy the deficiencies within the set time limit, which has to be at least two months long. If the deficiencies are not remedied, the IPO totally or partially rejects the application.

4.7 Dividing a Trade Mark Application

An applicant may divide an application filed for more goods or services. The divisional applications preserve the priority date of the original application, provided they contain only the goods or services of the original application. The

applicant must specify requested division, the list of the goods or services subject to the divisional application and the priority date for each of the divisional applications. Where the restriction of the application is requested, the applicant must specify the goods or services subject to restriction.

An applicant may declare to divide an application. The application for the trade mark will continue to be dealt with as a divisional application for the goods and services listed in the declaration of division. In this case, the seniority of the original application applies for each sub-application.

The application documents required must be submitted for the divisional application. If they are not submitted within three months of receipt of the declaration of division, or if the fee for the division proceedings is not paid within this period, the divisional application is deemed to have been withdrawn.

4.8 Incorrect Information in an Application

See 4.6 Revocation, Change, Amendment or Correction of an Application.

4.9 Refusal of Registration

The Czech IPO can refuse a trade mark:

- consisting of a sign which cannot constitute a trade mark
- which is devoid of any distinctive character;
- consisting exclusively of signs or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, value or geographical origin of the goods or services;
- that indicates time of production of the goods or of rendering the services or other characteristics of the goods or services;
- consisting exclusively of signs or indications customary to current language or in the established practices of the trade to designate the goods or services;
- that is a sign which consists exclusively of the shape, or another characteristic, which results from the nature of the goods themselves, or which is necessary to obtain a technical result, or which gives substantial value to the goods;
- that is contrary to law, public order or morality;
- that is liable to deceive the public as to the nature, quality, geographic indication of goods or services;
- that contains or is similar to signs, seals, emblems, flags, maps and/or official insignia of national and international organisations and associations;
- containing or bearing resemblance to another person or personal name or company name, logo, legal title, portrait, picture, protected copyright, photograph;
- if the use of which is contrary to the Czech Republic or EU legislation or contrary to obligations ensuing from international agreements to which the Czech Republic or the EU is party;
- that provides protection for designations of origin and geographical indications, traditional terms for wine, and traditional specialities guaranteed;
- that is identical or similar to an earlier registered mark, including well known marks; or
- has the likelihood of confusion including a likelihood of association with an earlier registered trade mark.

4.10 Remedies Against the Trade Mark Office

An applicant may lodge an appeal against a decision refusing the trade mark registration with the President of the IPO within one month from the service of the decision.

The decision of the President can then be subjected to judicial review proceedings before the administrative courts. This is, in principle, a full review process, where issues of law and fact can be raised. The first instance decision of the City Court in Prague can be appealed through a “cassation complaint” to the Supreme Administrative Court.

4.11 The Madrid System

Persons who have their real commercial or industrial establishment, permanent residency or seat in the Czech Republic or who are Czech nationals may file an application for international registration of a trade mark, pursuant to the Madrid Agreement or the Protocol Relating to the Madrid Agreement, or file an application for registration of changes concerning the international registration through the IPO.

An international registration of a trade mark designating the Czech Republic has the same effect as an application for registration of a national trade mark.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

An opposition to a trade mark registration must be filed in writing within the statutory deadline of three months after the publication of the registration of a trade mark. The deadline cannot be extended and all arguments and evidence must be submitted within the deadline.

5.2 Legal Grounds for Filing an Opposition

Czech law enables the proprietors to base oppositions on their earlier rights to prevent the registration of trade marks in a range of situations, such as:

- double identity both between goods and/or services and between marks;
- a likelihood of confusion between a sign applied for and an earlier trade mark;
- unauthorised filing of an earlier mark by its agent or representative;
- earlier non-registered trade marks or other signs used in the course of trade of more than mere local significance;
- an earlier national or European reputed registered trade mark to prevent registration of a later similar or identical application that, without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;
- the natural person whose personal rights, in particular, right to a name, right of personal portrayal, and right to protection of personal expressions, may be infringed on by the sign applied for or, possibly, by the entity entitled to assert these rights;
- the person holding copyright, if an author’s work may be infringed on by the use of the sign applied for; and/or
- the proprietor of an earlier right in other industrial property, if industrial property rights may be infringed on by the use of the sign applied for.

The opposition may also be lodged by the applicant for registration of the trade mark and the applicant for registration of the right in other industrial property, if such right is registered.

5.3 Ability to File an Opposition

An opposition may be filed by the owner of a prior right or a licensee (see 5.2 Legal Grounds for Filing an Opposition). A representation by a legal or patent attorney is not obligatory. The opposition fee amounts to CZK1000 and must be paid within the deadline for filing the opposition. Failure to pay the fee results in rejection of the opposition.

5.4 Opposition Procedure

The opposition must be well grounded and accompanied by respective evidence. The IPO communicates the content of the opposition to the applicant and sets a time limit for the applicant to file observations to the opposition (usually two months with the possibility of extension). If the applicant submits no observations to the opposition within the set time limit, the IPO shall base its ruling on the opposition on the contents of the file.

If the earlier trade mark has been registered at least five years preceding to the date of filing or the date of priority of the application, at the request of applicant the opponent shall furnish proof that, during the five-year period preceding the date of filing or the date of priority of the application, an earlier trade mark has been put to genuine in connection with the goods or services in respect of which it is registered and on which the opposition is based, or that there are proper reasons for non-use.

Since the opposition procedure is a summary proceeding there is no oral hearing.

If the applicant and the opponent request jointly, the IPO grants them, during the opposition proceedings, a time limit of at least two months for a friendly settlement. If no friendly settlement has been reached, the IPO will render a decision on

the opposition and either reject the trade mark application totally or partially or reject the opposition to the full extent or partially.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Either party may lodge an appeal against a decision of the IPO with the President of the IPO within one month from the service of the decision. It is possible to file a blank appeal which must be substantiated within another month. The appeal has suspensive effect. The time limit for lodging and substantiating an appeal cannot be extended and default of time limit cannot be waived.

The decision of the President of the IPO can then be subjected to judicial review proceedings before the administrative courts. This is, in principle, a full review process where issues of law and fact can be raised. The first instance decision of the City Court in Prague can be appealed through a “cassation complaint” to the Supreme Administrative Court.

First instance proceedings take one to one-and-a-half years and an appeal one to three years.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

Czech law distinguishes two types of trade mark cancellation:

- a revocation; and
- a declaration of invalidity.

Both of these legal institutes are applicable only after the registration of the trade mark in the reg-

ister. However, they have different possibilities of application, justification and, above all, effects.

In brief, a request for revocation may be brought against a trade mark that is not in genuine use; has become a sign customary in the trade; its use is likely to deceive the public; or, by virtue of a court decision, its use is an unlawful act of competition. The revocation of a trade mark has *ex nunc* effects – ie, the trade mark ceases to have its effects only after the decision on its revocation becomes final.

The declaration of invalidity of a trade mark has *ex tunc* effects – ie, such a trade mark is regarded as if it had never been registered, see **6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding**.

The registration may not be cancelled where the owner of the earlier trade mark (or other right) has tolerated the use of the younger trade mark for the goods or services for which it is protected for a period of five consecutive years whilst being aware of such use.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

The IPO will revoke/cancel a trade mark:

- if it has not been used for a consecutive period of five years preceding the day when the request was filed;
- if it has become customary for goods or services for which it is registered;
- if it has, after its registration, become deceptive for goods or services for which it is registered; or
- upon a request filed within six months from the day when the decision according to which the use of a trade mark amounts to unfair competition has acquired legal force.

The IPO will invalidate a trade mark:

- if it has been filed contrary to absolute grounds or if it has been filed in bad faith; or
- upon a request filed by a person who is entitled to file opposition against a later trade mark application, see **5.2 Legal Grounds for Filing and Opposition**.

6.3 Ability to File a Revocation/Cancellation Proceeding

A revocation/cancellation request may be filed by any third party.

An invalidation request filed by a person that is entitled to file an opposition may only be filed by a person that enjoys specific earlier priority rights stated in the respective provisions of the Trade Mark Act.

6.4 Revocation/Cancellation Procedure

Revocation, cancellation and/or invalidation actions are brought before the Czech IPO.

6.5 Partial Revocation/Cancellation

Partial revocation, cancellation or invalidation is possible if the grounds based on which the mark is revoked/cancelled or invalidated relate only to some of the goods/services for which the mark is registered.

6.6 Amendment in Revocation/Cancellation Proceedings

The revocation, cancellation and invalidation proceedings are not concentrated and it is thus possible to amend them before the decision is rendered by the Office. For example, it is possible to partially withdraw the filed requests.

6.7 Combining Revocation/Cancellation and Infringement

Revocation, cancellation and invalidation actions are heard before the Czech IPO. Infringement cases are heard before the courts.

6.8 Measures to Address Fraudulent Marks

It is possible to file an invalidation request against fraudulent trade marks on the grounds that these trade marks have been filed in bad faith.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Lawsuit trade mark claims are not limited by a specific time period. However, if the trade mark has been registered for at least five years at the date of filing of the action, the proprietor of the trade mark shall, at the request of the defendant, produce evidence of use. In addition, the proprietor of an earlier trade mark who has knowingly acquiesced in the use of a later trade mark for a period of five consecutive years may no longer bring an action on the basis of that earlier trade mark to have a later identical or similar trade mark invalidated.

7.2 Legal Grounds for Filing Infringement Lawsuits

The claims the trade mark owner may raise are the same for all types of trade marks. In case of a trade mark violation, its owner may seek a judicial decision that the infringer refrain from acts by which the right is infringed or namely in particular endangered, and that the consequences of the endangering or infringement be removed. Trade mark dilution and cybersquatting can be considered as a trade mark infringement.

7.3 Parties to an Action for Infringement

The parties to the proceedings are a plaintiff and a defendant. The plaintiff can be the trade mark owner or licensee. Another person may not file a court action for trade mark infringement. A trade mark may be used as a basis of a court action as of its registration. A court action filed before the registration of a trade mark could be based on an unfair competition claim.

7.4 Representative or Collective Actions

The Czech legal system does not allow representative or collective actions for trade mark proceedings.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

Issuing a formal demand letter is not required for filing a court action as such. However, a formal demand letter is required if the trade mark owner wishes to claim costs of the court proceedings. For this reason issuing a demand letter before filing a court action is recommendable.

Remedies available to the trade mark owner are identical for all kinds of trade marks.

Even use of a trade mark can be, in specific cases, considered as unfair completion. For this reason the trade mark owner should inform about a claimed trade mark abuse without bias.

7.6 Initial Pleading Standards

There are no special provisions for trade mark lawsuits. The general prerequisites of a court action are that the court action shall be always directed at a specific person(s) and the claim of the action shall be specific. The court action shall state:

- the name of the court to which it is addressed;

- the parties to the proceedings, being the applicant and the defendant, including their legal representatives, if any;
- the name of the action – ie, what is being sued;
- a description of the relevant facts;
- identification of the evidence which the applicant proposes to adduce in support of those facts;
- what the applicant seeks in the case – ie, the decision it seeks from the court; and
- the date and signature.

The plaintiff may supplement pleadings with additional evidence until the end of the first court hearing. A defendant in a trade mark action can initiate a lawsuit in response.

7.7 Lawsuit Procedure

The City Court in Prague has exclusive jurisdiction in trade mark matters. The appellate Court is the High Court in Prague. Extraordinary appeal can be filed to the Supreme Court of the Czech Republic, though filing of an extraordinary appeal has no suspensory effect. Costs before filing a law suit can involve a preliminary injunction, warning letter, evidence notarisation or purchase of evidence. The parties in trade mark litigation do not have to be represented by a lawyer, with the exception of filing of an extraordinary appeal to the Supreme Court.

7.8 Effect of Trade Mark Office Decisions

The case law of the IPO is not binding for the court, though the conclusions of the IPO may be used as arguments in a court dispute.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

A declaratory action can be filed only if there is an urgent legal interest to determine whether

or not a legal relationship or right exists. Theoretically, it cannot be completely ruled out that declaratory proceedings would be started by the defendant. However, a court action of this kind would be most probably rejected by the court as not fulfilling the prerequisite of urgent legal interest.

7.10 Counterfeiting

There are no specific procedures, remedies or statutes specifically addressing counterfeit marks.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

General provisions on civil litigation apply to trade mark litigation. The trade mark matters are decided by a jury of three judges. The parties cannot influence which judge will decide in the matter.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

If the trade mark has been registered for at least five years at the date of filing of the action, the proprietor of the trade mark shall, at the request of the defendant, produce evidence that during the five years preceding the date of filing of the action the trade mark has been duly used for the goods or services for which it is registered and on which the action is based, or evidence of the existence of proper grounds for non-use.

8.3 Factors in Determining Infringement

The proprietor of a trade mark shall have the exclusive right to use the trade mark in relation to the goods or services covered by the trade mark.

Third parties may not use, without the consent of the proprietor, in the course of trade:

- any sign identical to the trade mark for goods or services identical to those for which the trade mark is registered;
- any sign where, because of its identity or similarity to the trade mark and because of the identity or similarity of the goods or services covered by the trade mark, there exists a likelihood of confusion on the part of the public, including the likelihood of association between the sign and the trade mark; or
- any sign identical or similar to the trade mark, irrespective of whether the goods or services for which it is used are identical, similar or not similar to those for which the trade mark is registered, where the trade mark has a reputation in the Czech Republic and the use of the sign without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the trade mark.

The court shall therefore consider the degree of distinctiveness of earlier mark, degree of similarity between signs and the similarity of the goods/services concerned.

8.4 Elements of Other Trade Mark Claims

All trade mark claims are based on the fact that the trade mark owner has the exclusive right to use the trade mark in relation to the goods or services covered by the trade mark. Third parties may not use, without consent, any sign identical to the trade mark for goods or services identical to those for which the trade mark is registered or any sign where, because of its identity or similarity to the trade mark and because of the identity or similarity of the goods or services covered by the trade mark, where there exists a likelihood of confusion on the part of the public.

8.5 Effect of Registration

It is easier to prove rights to a registered trade mark; the litigation process is therefore faster and cheaper.

8.6 Defences Against Infringement

The defendant in a trade mark dispute can claim earlier use of the trade mark, abandonment, use under a licence, bad faith of the trade mark owner or unfair competition conduct of the trade mark owner.

8.7 Obtaining Information and Evidence

There are no disclosure or discovery proceedings. However, the trade mark owner may request the infringer to provide it with the information. Should the information fail to be volunteered within a reasonable time limit, the trade mark owner may claim such information by lodging an action with the court.

8.8 Role of Experts and/or Surveys

The expert report and surveys are used as evidence. In some cases this evidence may play an important role, however the court decision is based on all relevant evidence – ie, importance of an expert report/survey would depend on specific circumstances.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement can be qualified as an administrative as well as a criminal offence. Administrative proceedings concerning trade mark infringement involve customs proceedings as well as proceedings before the Czech Business Inspection which, as controlling bodies, may seize goods infringing trade mark rights.

Violation of trade mark rights can be also qualified as a criminal act. Decision in criminal proceedings is issued by criminal courts. A prereq-

uisite for a decision confirming aa criminal act of violation of trade mark rights is criminal intent of the infringer.

8.10 Costs of Litigating Infringement Actions

A court fee for filing an action is approximately EUR70. For claims concerning damages between CZK20,000 and CZK40 million, a fee of 5% of the claimed amount is paid. It is not possible to state “typical” costs of court proceedings as the overall costs depend on the complexity of the matter as well as on the defendant’s activity. The amount of work may therefore vary from several hours to 100 hours or even more, namely in cases where the trade mark owner claims damages.

9. Remedies

9.1 Injunctive Remedies

The trade mark owner may seek preliminary injunction. The plaintiff shall state a specific claim in the preliminary injunction application. The judge cannot choose a claim for the plaintiff. A preliminary injunction can be issued by the court if it is necessary to provisionally regulate the circumstances of the parties or if it is feared that the enforcement of the judgment will be jeopardised. The trade mark owner shall document imminent threat to its rights causing irreparable injury.

A preliminary injunction is an ex parte proceeding – ie, the court decides about the preliminary injunction without informing the defendant. Only after a preliminary injunction is issued can the defendant appeal against it. The filing of the appeal has no suspensory effect on the preliminary injunction. The defendant may also ask the court to order the plaintiff to pay a higher finan-

cial deposit as a preliminary injunction causes significant damage to the defendant.

9.2 Monetary Remedies

A trade mark owner is entitled to damages, to a surrender of the unjust enrichment the infringer acquired as a result of the endangering of or infringement upon a right, and to an appropriate compensation. An appropriate compensation may consist also of a pecuniary fulfilment. The judge has discretion only in relation to the appropriate compensation. In the case of the other remedies, the plaintiff shall submit evidence proving the requested amount of remedies. The court may, upon a motion, assess the damages, the amount of an unjust enrichment the infringer acquired as a result of the endangering of or infringement upon a right, and the appropriate compensation in a flat amount not less than double the licence fee of the right infringed upon.

9.3 Impoundment or Destruction of Infringing Articles

The trade mark owner may seek permanent removal or destruction of products, the manufacture or launch or storage of which resulted in endangering of, or infringement upon, a right.

9.4 Attorneys’ Fees and Costs

The losing party is required to reimburse the prevailing party for attorneys’ fees and court fees. However, the amount of the awarded costs of litigation is limited by law and the amount of the awarded costs do not cover real costs of the proceedings.

9.5 Ex Parte Relief

The trade mark owner may seek a preliminary injunction, which is issued in ex parte proceedings.

9.6 Rights and Remedies for the Prevailing Defendant

A prevailing defendant may seek reimbursement costs of the proceedings. The amount of the costs awarded to the defendant is limited by the law and does not reflect real costs spent by the defendant. In case a preliminary injunction has been ordered, the defendant may claim damages caused by the same.

9.7 Customs Seizures of Counterfeits or Criminal Imports

There is a system of customs seizures, under which the customs may seize goods suspicious of infringing IP rights. Customs cannot seize goods originating from parallel imports. Violation of trade mark rights by parallel imports can be claimed by the trade mark owner before court.

9.8 Different Remedies for Different Types of Trade Marks

Remedies are identical for all types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

The parties to the court proceedings may settle any time during the proceedings. There is no mandatory settlement, though the judge in the civil proceeding may order the parties to try to settle the matter via mediation. If the mediation is unsuccessful the court proceeding continues.

10.2 Prevalence of ADR

ADR is common for domain name disputes. ADR is carried out via an online platform. After the parties file their submissions, the ADR court decides the case within two to three months. For other trade mark related matters, ADR is not available.

10.3 Other Court Proceedings

The court may stay court proceedings concerning a claimed trade mark infringement if there is a pending proceeding concerning validity of the trade mark.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

An appeal against the First Instance Court shall be filed within a time limit of 15 days as of the delivery of the judgment to the given party. An appellate proceeding can take approximately one to two years.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions concerning the appellate procedure for trade mark proceedings.

11.3 Scope of the Appellate Review

The appeal implies a full review of the facts. However, it is not possible to submit new evidence.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark can be protected by copyright.

The natural person whose personal rights, in particular, right to a name, right of personal portrayal, and right to protection of personal expressions, may be infringed on by the sign applied for can oppose a trade mark application. The trade mark application can be opposed also by the person to whom the rights in the copyright

work belong, if the copyrighted work may be affected by the use of the sign applied for.

If the use complies with the business usage and the principles of honest business conduct, the trade mark owner shall not be entitled to prohibit third parties from using, in the course of trade, the name and surname or address where the third party is a natural person.

12.2 Industrial Design

It is not ruled out that a trade mark can be protected by industrial design laws. However, a trade mark cannot be registered over a sign which consists exclusively of a shape or other characteristic which results from the nature of the product itself or is necessary to achieve a technical result or gives the product intrinsic utility. A trade mark could be registered as a design only if it fulfilled the above-stated condition and if it is a sign that can distinguish the goods or services of one undertaking from those of another.

12.3 Rights of Publicity and Personality

There are no special rules for celebrities. The same rules are applied to all names, see **12.1 Copyright and Related Rights**.

12.4 Unfair Competition

Violation of a trade mark may also imply unfair competition conduct.

13. Additional Considerations

13.1 Emerging Issues

The case law concerning use of trade marks as key words on the internet is not well settled and case law concerning this issue is quite unpredictable.

13.2 Trade Marks and the Internet

There are no special rules or situations of which readers should be aware with regard to trade marks on the internet.

13.3 Trade Marks and Business

There are no different rules concerning use of trade marks by business and by other trade mark owners.

Contributed by: Karin Kusá and Martin Holý, **Čermák a spol**

Čermák a spol is a law and patent office; a boutique firm specialising in intellectual property and related fields. It is active in the prosecution of patents, where through its patent attorneys before the Czech Industrial Property Office, the EPO and other patent offices, and after the grant of a patent, it is able to both defend against validity challenges to the patent, and enforce the patent against infringers through its

attorneys-at-law. With over 40 employees and numerous external assistants, **Čermák a spol** is one of the largest IP firms in the country. It has a dedicated partner office in Slovakia and established contacts around the world. Given the firm's long-term presence on the market, dating back to 1990, the firm has represented most of the leading companies in the pharmaceutical, banking and telecommunications sectors.

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Two sets of statutory rules govern trade marks having effects in France: French law for national trade marks, and European Union law for EU trade marks.

French trade mark law is regulated by the French intellectual property code, particularly by Articles L.711-1 to L.731-4 of this code. French trade mark law has been subject to an important reform, implemented on 13 November 2019 and 9 December 2019, and fully applicable since April 2020. This reform is referred to as the “PACTE Law”. French case law, developed by the courts, clarifies the outlines of these statutory rules and is largely influenced by European case law.

EU trade marks are regulated by Regulation (EU) 2017/1001 and Directive 2015/2436. In a similar way to the French system, the case law of the CJEU clarifies specific issues.

Aside from the above, France is a signatory to the Paris Convention for the Protection of Industrial Property of 1883.

1.2 Types of Trade Marks

The French system provides for different types of trade marks.

- Trade marks registered to designate goods and services. Trade marks are not limited to graphic representation: they may be verbal, figurative, of shape, of position, sound, holographic, or even multimedia (INPI, Declaration No 2019-157).
- Guarantee trade marks (previously referred to as “certification” marks) aim at identifying the

origin of goods and services of which some characteristics (eg, quality, material, manufacture) are guaranteed (Article L.715-1 of the French Intellectual Property Code).

- Collective trade marks are registered by a group (eg, manufacturers, producers, associations, public law entities) that authorises their use provided a specific set of rules – developed by the owners – is respected (Article L.715-6 of the French Intellectual Property Code).

1.3 Statutory Marks

There are no statutory trade marks under French trade mark law.

1.4 Well-Known Foreign Marks

The French system allows the opposability of unregistered well-known trade marks with regards to Article 6 bis of the Paris Convention.

However, in order to be enforceable in France, a well-known trade mark must have acquired a particular reputation or fame among French consumers of the given goods/services, and must be known by a large proportion of the French public for the goods or services at issue.

1.5 Term of Protection

French trade marks, as well as EU trade marks, are registered for a period of ten years that is indefinitely renewable.

Article R712-24 of the French Intellectual Property Code provides that French trade marks are renewable within the last six months of the ten-year period. More precisely, the renewal can be filed until the last day of the month of the trade mark filing.

After this term, French trade marks can still be subject to a late renewal for an additional “grace

period” of six months after the term, subject to payment of an additional fee.

1.6 Exhaustion of Trade Mark Rights

The French system transposes the EU exhaustion principle provided for in European Directive 89/104/EEC and Regulation (EU) 2017/1001, itself inherited from Competition Law. It is provided for in Article L.713-4 of the French Intellectual Property Code.

In essence, once the goods bearing the trade mark are put on the European Economic Area market by the trade mark owner or with their consent (notably in application of a licence agreement), the owner is not entitled to oppose their advertisement or resale within this territory. Their monopoly is exhausted.

However, the exhaustion system will not apply when the trade mark owner justifies legitimate reasons, such as the modification or alteration of the goods, their inadequate reconditioning as regards to their quality, or the reputation of the trade mark for luxury goods. French case law specifies in this respect that the mere existence of a selective distribution network is insufficient to establish a risk of market partitioning.

1.7 Symbols to Denote Trade Marks

The use of symbols, such as ®, which are derived from the US system, is completely optional in France. Its use, if any, has no influence on the opposability of the trade mark owner’s rights, as expressly stated in the Paris Convention.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

There is no specific procedure to assign a trade mark, and a trade mark can even be assigned before it is actually registered. The relevant provisions are those of general contract law, arising from Article 1101 et seq of the French Civil Code.

However, the assignment must be in writing to be valid (Article L.714-1 of the French Intellectual Property Code). It must precisely identify the content of the assigned rights (assigned goods and services, duration, territory, promotional use, right to licence) and the assignment price.

Besides, if the French Trade Mark Office (FTO) is not required to formally approve the assignment, a recording of the assignment in the National Trademark Register is necessary for the assignment to be enforceable against third parties.

2.2 Licensing Requirements or Restrictions

It is strongly recommended to conclude licence agreements in writing, as it allows the owner to precisely identify the scope of the licence (duration, typology of goods/services, distribution circuit, licensing fees and royalties, etc).

Indeed, a written contract and a formal recording before the National Trademark Register is required for the licence to be enforceable against third parties.

French case law may admit the existence of tacit licences under certain conditions. However, in order to ensure that such licences are not perpetual, the trade mark owner may, at any time, terminate the tacit licence and request the ces-

sation of exploitation of the sign within a reasonable period of time.

As regards to exclusivity, licences can be exclusive, non-exclusive or similar to a sole licence if the licensor retains its own right to use the licensed trade mark.

2.3 Registration or Recording of the Assignment

The recording of trade mark assignment or licence agreements at the FTO is not, in itself, compulsory for the assignment/licence to be valid.

However, as mentioned in **2.1 Assignment Requirements or Restrictions** and **2.2 Licensing Requirements or Restrictions**, recording is necessary and highly recommended especially because it is the only way for the licensee and/or assignee to enforce their rights against third parties.

Finally, even though the FTO allows a licence on a trade mark, which is not yet registered, to be recorded, this is not recommended considering the risks related to the licensor's liability in case of refusal of registration (see **2.5 Assigning or Licensing Applications**).

2.4 Other Requirements for Licences or Assignments to be Valid

Apart from the aforementioned obligations, the parties must comply with the general obligation of good faith provided for in Article 1104 of the French Civil Code.

There are no further requirements for an assignment or licence to be valid.

2.5 Assigning or Licensing Applications

In France, the system of filing an application based on use or intent to use does not exist. There are no reasons that an assignment or licence would not be valid during the application process.

The parties are free to negotiate the guarantees given in order to mitigate the risk of non-registration and will define the impact of the forthcoming registration – if any – on the contract.

Should the assigned/licensed trade mark application not be registered by the relevant trade mark office, the agreement may be considered invalid for lack of subject matter and may be terminated.

2.6 Trade Marks as Security

A trade mark is an immaterial asset that, as such, can be given as a security. To be opposable to third parties it should be registered in the National Trade Mark Register. In this respect, securities and creditors are often registered in the National Trade Mark Register.

3. Registration

3.1 Trade Mark Registration

The French principle is that a trade mark cannot be protected merely by virtue of its use. Registration is the only way to benefit from trade mark rights. However, the use of a sign can result in two main situations.

The first situation involves unregistered well-known signs, under Article 6bis of the Paris Convention, although the case law is very strict on applying this concept. The sign may enjoy a trade mark protection without registration provided that it has acquired a strong reputation

among French consumers, and that these consumers spontaneously associate this sign with the goods and services for which it is used.

The second situation is the acquisition of distinctiveness through use (Article L.711-2 of the French Intellectual Property Code). In this case, intensive use, which guarantees the function of identifying the origin of the goods, does not confer protection as such, but makes it possible to obtain registration of the trade mark that is not inherently distinctive, thus in principle not inherently registrable.

3.2 Trade Mark Register

The National Trade Mark Register, which is administered by the French Trade Mark Office, gathers all French trade marks.

Each new event related to a trade mark (eg, application, refusal, registration, limitation, assignment, licence, cancellation) is published in a Bulletin (BOPI) which is then incorporated into the National Trade Mark Register.

The FTO also provides an online database which allows the consultation of trade mark rights having effect in France and French Polynesia.

It is highly recommended that an availability search is conducted before applying to register a mark.

3.3 Term of Registration

As mentioned in **1.5 Term of Protection**, French trade marks are registered for a period of ten years that is indefinitely renewable, provided that the renewal occurs in accordance with the conditions of Article R712-24 of the French Intellectual Property Code.

3.4 Updating or Refreshing Registrations

A trade mark registration can not be “updated or refreshed” as such.

It can be renewed every ten years as previously mentioned, and its scope can always be specified at any time by the trade mark owner through a clarification or restriction of the list of goods and services covered by the registration.

However, extending the list of goods and services after the application is not permitted.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

The application to register a trade mark can be filed online on the FTO’s website. Any natural or legal person can file an application in its name and the applicant will not need to prove its identity. The applicant must identify the type of trade mark and the type of sign it seeks to register, and provide elements allowing to delimit the scope of the protection.

The requirement for graphic representation has been abandoned with the introduction of the PACTE Law in 2020, which considerably expanded the list of categories of signs which are eligible for trade mark protection. This list now includes word, figurative, shape, hologram, pattern, colour (single or combination), sound, motion, multimedia and position marks. Such categories are listed by Declaration 2019-157 of the FTO’s Director.

No proof of use or specimen of use is required to apply for a trade mark.

The filing of a trade mark application requires the payment of a fee to the FTO to be admissible (the fee varies depending on the number of designated classes and on whether the trade mark is extended to French Polynesia). Since the application can designate multiple classes of goods and services, the more classes the application covers, the more expensive the application will be.

4.2 Use in Commerce Prior to Registration

The French system does not require the applicant to use its mark in commerce before the registration.

4.3 Series Mark Registrations

The French system does not allow for the registration of series marks. In practical terms, this means that if an applicant wishes to file one or more sign(s), it will be required to file a different trade mark application for each of these signs.

4.4 Consideration of Prior Rights in Registration

Unlike practices of some foreign offices, the FTO does not carry out an analysis of prior rights in its examination of an application for registration.

It only considers the regularity of the filing of the application (formal requirements), and the distinctiveness of the sign (Article L.711-2 of the French Intellectual Property Code). The FTO is becoming increasingly stricter on assessing distinctiveness of the sign.

4.5 Consideration of Third-Party Rights in Registration

Registration of Trade Marks

Regarding the registration process, third parties have the right to participate by filing observations before the FTO within two months of the

publication of the trade mark application. Such observations may particularly relate to the lack of distinctiveness of the trade mark application.

They can be filed by any natural or legal person that wishes to draw the Office's attention on absolute grounds for refusal of the trade mark application. The filing of observations does not open any adversarial proceeding, thus the trade mark applicant is not given the chance to respond. Moreover, the FTO does not respond either to the third-party observations and in fact does not necessarily take them into consideration when examining the trade mark application.

Opposition Proceedings

Regarding opposition proceedings, third parties can also file written observations before the FTO in order to seek refusal of registration of the contested trade mark. In this regard, the PACTE law introduced, in April 2020, the possibility for any third party benefiting from prior rights to file an opposition proceeding on the ground of one or more of its prior rights.

The PACTE law also expressly listed the invocable prior rights in this context, including in particular (Article L.711-3 of the French Intellectual Property Code):

- prior trade marks;
- prior trade marks enjoying a reputation – registered or unregistered;
- company name, trade name, commercial signs or domain names;
- geographical indications; and
- name, image or reputation of a local authority or a public establishment or public entity.

The applicant can respond to the opposition by submitting written observations. The outcome of

the opposition proceedings will result in the registration or refusal of the trade mark application.

4.6 Revocation, Change, Amendment or Correction of an Application

It is possible to revoke the application during the process of registration, partially or entirely (Article R.712-21 of the French Intellectual Property Code).

It is also possible to amend the list of goods and services, provided the amended list covers an equal scope or a restricted scope of protection compared to the initial list.

Under no circumstances will the applicant be able to extend protection beyond what has been covered at the time of filing, either for goods and services or for signs.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application in order to overcome a partial refusal or an opposition (Article R.712-27 of the French Intellectual Property Code).

The goods and services designated in the dividing application must necessarily be more restrictive than those of the initial application.

4.8 Incorrect Information in an Application

The consequences of providing incorrect information vary depending on the type of information that is incorrect. For instance, if there is a material error in the address of the trade mark owner, this can easily be corrected at any time by filing a request in rectification of a material error before the FTO. However, if there is an error for instance in the information and/or documents provided to support a priority claim, the conse-

quences would be more severe as the priority claim could be permanently rejected.

The FTO often makes the decision on the consequences of the error. However, occasionally a registration goes through and the error is later brought up in court during a legal action for infringement, in which case the court would assess the error and its effect on the validity of the trade mark.

4.9 Refusal of Registration

The registration of a trade mark can be refused by the FTO based on different absolute grounds of refusal, listed in Article L.711-2 of the French Intellectual Property Code:

- lack of inherent distinctiveness;
- misleading character;
- offence against public policy or morality;
- the sign is an emblem, national flag or any other intergovernmental sign according to Article 6 of the Paris Convention; and
- the sign was filed in bad faith by the applicant.

If the registration is provisionally refused, the FTO sets a time limit for submitting observations and/or providing additional evidence (eg, if distinctiveness can be proven by use).

However, it should be mentioned that the Office rarely reverses its initial refusal decision, and is becoming increasingly strict in assessing the distinctiveness of the signs.

4.10 Remedies Against the Trade Mark Office

First, as mentioned in 4.9 Refusal of Registration, when the FTO refuses the registration of a trade mark, the first decision is provisional and

the FTO sends a notification to the applicant and sets a time limit for them to submit observations.

Should the FTO, after examining the applicant's observations, uphold its refusal decision, the applicant may appeal the final decision of the FTO before the competent Court of Appeal within one month of the final refusal decision.

4.11 The Madrid System

France has participated in the Madrid system since 1997.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Third parties may file an opposition against a trade mark application within two months after publication of the application.

There is no system of request for extension of time limit to file an opposition in France.

5.2 Legal Grounds for Filing an Opposition

The legal grounds for filing an opposition to a trade mark application are listed in Articles L.712-4 and L.712-4-1 of the French Intellectual Property Code. As mentioned in **4.5 Consideration of Third-Party Rights in Registration**, the PACTE law extended the invocable grounds for opposition (Article L.711-3 of the French Intellectual Property Code):

- prior trade marks;
- prior trade marks enjoying a reputation – registered or unregistered;
- company name, trade name, commercial signs or domain names;
- geographical indications;

- name, image or reputation of a local authority or a public establishment or public entity.

As for opposition proceedings, the FTO does not consider arguments relating to dilution and merely applies a strict application of the assessment of the likelihood of confusion between the signs, the goods and services and/or the activities operated.

However, dilution can be invoked before the French courts in an infringement lawsuit, in order to prevent use of a mark in said lawsuit.

5.3 Ability to File an Opposition

Any natural or legal person that owns an opposable prior right, amongst those listed above in **5.2 Legal Grounds for Filing an Opposition**, can file an opposition. As detailed, the opponent does not necessarily need to own a registered trade mark since other valid prior rights can be invoked.

Opponents do not necessarily need to be represented, for instance by an attorney, before the FTO.

Opposition fees before the FTO are EUR400 if the opposition is based on just one prior right, and EUR150 per additional prior right invoked in the frame of the opposition.

The average attorney's fees are very hard to determine since they vary from one profession to another and are not based on any objective harmonised schedule.

5.4 Opposition Procedure

The opposition procedure is as follows.

- The opponent has a period of two months from the publication of the trade mark to file

formal opposition against the contested trade mark application.

- The opponent then has a period of one month, following the opposition deadline, to submit their written observations and any other relevant documents (including proof of the earlier rights claimed).
- The FTO notifies the applicant of the opposition and initiates the “adversarial” phase:
 - (a) the applicant will be given an initial period of two months to respond to the opposition arguments;
 - (b) the parties may then exchange several sets of observations within respective deadlines of one month, set by notifications from the FTO;
 - (c) the parties can request a presentation of “oral observations” within the framework of a hearing which will be fixed by notification from the FTO if necessary; and
 - (d) the parties can jointly request up to three suspensions, for periods of four months each, which may or may not be cumulative (ie, up to 12 months maximum of suspension).
- The decision is issued within three months of the end of the adversarial procedure. If no decision is issued, the opposition shall be deemed to have been rejected.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

The FTO’s decision can be contested before the competent Court of Appeal within one month from the notification of the FTO’s decision.

Once the formal appeal is filed, the appellant will have three months to file written observations in support of the appeal.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

There is a shared jurisdiction between the FTO and the courts.

Revocation proceedings on the ground of lack of genuine use can only be filed as early as five years after the registration date.

To the contrary, all other invalidation actions can be filed without any specific time limit: the FTO will hear actions based on grounds of absolute invalidation and/or of relative invalidation resulting from the existence of prior rights.

However, the French system provides a rule known as the “forfeiture by acquiescence”, according to which a third party may not challenge a registered trade mark which use has been knowingly tolerated by the third party for more than five years.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

A trade mark may be revoked or cancelled on the basis of two set of grounds: absolute grounds and relative grounds.

The absolute grounds for invalidation are the following (Article L.711-2 of the French Intellectual Property Code):

- the mark is devoid of distinctive character;
- the mark consists exclusively of elements which may designate a characteristic of the covered goods and services;
- the mark consists exclusively of the shape of the product imposed by its nature or technical function;

- the mark is a national emblem;
- the mark is contrary to public policy or morality;
- the mark deceives the public;
- the mark is a protected appellation of origin, geographical indication, or plant variety; and
- the mark was filed in bad faith.

The relative grounds for invalidation actions are based on prior rights (trade marks, well-known signs, copyrights, corporate name, domain names, public entity name, etc) and are listed at Article L.711-3 of the French Intellectual Property Code.

Other Options

Revocation actions can be filed:

- in case of absence of genuine use of the trade mark for an interrupted period of over five years (Article L.714-5 of the French Intellectual Property Code);
- if the trade mark has become a generic or common name to designate the covered goods and services (Article L.714-6 of the French Intellectual Property Code); and/or
- if the trade mark has become misleading for the public (Article L.714-6 of the French Intellectual Property Code).

6.3 Ability to File a Revocation/Cancellation Proceeding

As mentioned in **6.1 Timeframes for Filing Revocation/Cancellation Proceedings**, there is a shared jurisdiction between the FTO and the courts. All owners of prior rights, as listed in Articles L.711-3 and L.716-2 of the French Intellectual Property Code, may act directly before the FTO for invalidation proceedings.

As for revocation actions, Article L.716-3 of the French Intellectual Property Code provides that

any interested person is entitled to bring an action for revocation before the FTO as well as before the French courts.

The claimant will be invited to prove their rights on the invoked prior rights.

6.4 Revocation/Cancellation Procedure

As previously evoked, there are special procedural provisions for trade mark proceedings in Articles L.716-1 et seq of the French Intellectual Property Code, which distribute the special jurisdiction for trade mark matters between the FTO and French civil courts.

This set of rules is provided for in Articles L.716-5 et seq of the French Intellectual Property Code.

French courts have exclusive jurisdiction to hear invalidation and revocation actions when brought in connection to any other claim, or in a counterclaim falling within the jurisdiction of the courts (and in particular actions for infringement and unfair competition).

French courts also have jurisdiction for invalidation actions formed primarily, when based on the existence of prior copyrights, design and models rights and/or personality rights.

6.5 Partial Revocation/Cancellation

Partial revocation of invalidation is always possible, especially because the FTO and the courts assess their decision with regards to each of the covered goods and services.

For example, a trade mark may be genuinely used for part of the covered goods only and remain in force for those goods; a sign may be devoid of distinctive character only for part of the covered goods and services.

6.6 Amendment in Revocation/Cancellation Proceedings

Revocation/cancellation proceedings can be filed against all or part of the trade mark registration. The scope of the action is determined by the initial claim and usually remains unchanged until the end of the proceedings (ie, the FTO's or court's decision).

The scope of the action can, however, be amended in some circumstances. The most common is when the owner of the trade mark subject to the action spontaneously surrenders to part of its trade mark rights, for instance by withdrawing part of the goods/services covered by its registration that are subject to the action. This will automatically alter the scope of the revocation/cancellation action.

Moreover, in the frame of legal actions before courts, the claimant to the revocation/cancellation action could also abandon part of its initial claim or even add a new/additional claim before the written part of the proceedings is closed, hence alter the scope of the action.

6.7 Combining Revocation/Cancellation and Infringement

French courts have exclusive jurisdiction to hear invalidation and revocation actions when brought in connection to any other claim, or in a counterclaim falling within the jurisdiction of the courts (Article L.716-5 of the French Intellectual Property Code). In this case, all actions will be heard together.

This jurisdiction is especially useful in case of actions for infringement and unfair competition.

6.8 Measures to Address Fraudulent Marks

Procedures Before the FTO

The FTO has exclusive jurisdiction to refuse, revoke or cancel marks that were filed fraudulently, based on Article L.711-2 of the French Intellectual Property Code as an absolute ground of refusal, see 4.9 Refusal of Registration, in the frame of opposition or cancellation actions:

- based on bad faith – according to the first decisions of the FTO on this ground, bad faith is assessed similarly to fraud, namely:
 - (a) when it is demonstrated that the applicant/owner of the fraudulent mark has filed said mark with a malicious intent (ie, with the intent of unduly appropriating benefits attached to the plaintiff/plaintiff's activities, with the intent of depriving the plaintiff of a sign necessary to its activity, with the intent of hindering the plaintiff by opposing the ownership of the mark that was filed fraudulently...); and
 - (b) when it is demonstrated that the applicant/owner knew about the use or rights of the plaintiff; or
- when a mark has been applied for by the agent or representative of the owner of a mark, in their own name and without the owner's authorisation, unless the agent or representative justifies their action (Article L.711-3 of the French Intellectual Property Code, III°).

Procedures Before Courts

Courts have exclusive jurisdiction for actions in revindication of a mark filed fraudulently. By such action, the plaintiff does not seek cancellation, but assignment – by the courts – of the fraudulent mark (Article L.712-6 of the French Intellectual Property Code).

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

As regards to specific IP rules, the French Intellectual Code provides a rule known as the “forfeiture by acquiescence” at Article L.716-2-8, according to which a third party may not challenge a registered trade mark, the use of which has been knowingly tolerated by the third party for more than five years.

As regards to general statutes of civil law, infringement proceedings are statute-barred within five years from the date of knowledge of the last infringing act. This is also reflected in case law, which has held that this five-year period runs from the last disputed action.

7.2 Legal Grounds for Filing Infringement Lawsuits

The owner of a trade mark is entitled to several actions which can be brought before the courts.

The main cause of action as regards to trade mark would be the infringement on the basis of trade mark law. Infringement actions can lead to:

- the prohibition of the use of the sign in trade for identical or similar goods and services on the basis of their trade mark rights;
- the invalidation of the infringing trade mark if the sign at issue has been filed or registered; and/or
- compensation for the damage suffered as a result of the infringement, the likelihood of confusion, the damage to the image and reputation, the dilution caused, etc.

As regards actions based on a well-known unregistered trade mark, the claimant may file a

civil liability action (Article L.713-5 of the French Intellectual Property Code).

In parallel to the civil infringement actions, the claimant may file a criminal action to obtain criminal sanctions, are also available set in Articles L.716-9 et seq of the French Intellectual Property Code, see **8.9 Trade Mark Infringement as an Administrative or Criminal Offence**. Nevertheless, right-holders usually prefer civil proceedings due to the nature and specificities of intellectual property rights.

7.3 Parties to an Action for Infringement

Trade mark infringement actions can be initiated by the owner of the trade mark or by the exclusive licensee of the trade mark if (i) the licence agreement does not prohibit it, and if (ii) a formal notice was sent to the licensor identifying the infringement and asking the licensor to act against the infringement, and the licensor did not respond in a reasonable time (Article L.716-4-2 of the French Intellectual Property Code).

Non-exclusive licensees are not allowed to file an action for infringement. They may however intervene in the action for trade mark infringement and have their own prejudice determined if an infringement action is initiated by the owner and/or the exclusive licensee (Article L.716-4-2, Section 4 of the French Intellectual Property Code).

Besides, there is no rule preventing the owner from taking action for infringement before its mark is registered.

7.4 Representative or Collective Actions

The French system does not permit representative or collective actions such as class actions for trade mark proceedings.

The only collective action that exists under the French system is provided for consumers who have suffered the same damage from a professional.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

Issuing a formal cease-and-desist letter is a legal prerequisite to filing an infringement lawsuit. However, failure to send a letter of formal notice beforehand is not sufficient to invalidate the action according to case law. Further to this, courts are becoming more and more insistent on pushing the parties towards mediation and other ADR proceedings.

As regards the status of the claimed trade mark, no decision can be issued on the basis of an earlier trade mark until the trade mark is registered.

As regards restrictions on the trade mark owner asserting its rights against others, the owner may be liable for the following, depending on its behaviour:

- abusive action;
- denigration, if the owner publicly accuses the defendant of infringement without any court decision stating so; and
- obstruction of competition, in case of abusive action against distributors benefiting from the principle of exhaustion of rights.

7.6 Initial Pleading Standards

There are, essentially, two ways of bringing an action before the courts.

The first way is adversarial: the document initiating proceedings is a written document directed to the defendant and transmitted to the court, which must precisely determine the existence of the trade mark rights concerned, the contested

use or trade mark, the scope of the dispute, and the status of the claimant (owner, exclusive licensee). This document must also mention the steps taken to reach an amicable settlement of the dispute.

The second way is non-adversarial: intellectual property law provides for specific procedures enabling the plaintiff to gather evidence of the infringement before any lawsuit, and thus avoid the destruction of the infringing products or materials. By essence, this procedure must imperatively be authorised by a judge and is requested in a non-adversarial manner without the defendant. This procedure is referred to as *saisie contrefaçon* (counterfeit seizure) and is provided for at Article L.716-4-7 of the French Intellectual Property Code.

Once the seizure operations have been carried out, the plaintiff will have a maximum of 31 days to deliver its written summons to the seized party, otherwise the seizure would be void.

7.7 Lawsuit Procedure

Only ten regional courts (*Tribunal Judiciaire* and courts of appeal), as listed in Chart VI annexed to Article D.211-6-1 of the French *Code de l'organisation judiciaire*, have special jurisdiction for handling copyright proceedings: Bordeaux, Lille, Lyon, Marseille, Nanterre, Nancy, Paris, Rennes, Strasbourg and Fort-de-France.

Before filing a lawsuit, some costs are necessarily incurred due to the execution of bailiff's reports, the drafting of a request for infringement seizure and the execution of counterfeit seizure operations by a bailiff, as well as the drafting and sending of a letter of formal notice.

7.8 Effect of Trade Mark Office Decisions

Judges are not bound by the decisions of the FTO. They may use these decisions in the course of developing their motivations and take them into account in their assessment, but they are not bound by them.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

There are no declaratory judgments in France.

7.10 Counterfeiting

As mentioned in 7.6 Initial Pleading Standards, IP law provides for specific proceedings enabling the plaintiff to gather evidence of the infringement before any lawsuit, and thus avoid the destruction of the infringing products or materials: this procedure (*saisie contrefaçon* (counterfeit seizure)), is non-adversarial and can only be performed if authorised by a judge (Article L.716-4-7 of the French Intellectual Property Code).

The counterfeit seizure allows the plaintiff to appoint a bailiff to inspect the counterfeiting company's offices or factories, in order to collect information regarding the infringement (quantities purchased, quantities sold, promotional materials concerned, invoices, etc) and to assess the amount of the prejudice.

There is also a procedure known as the right to information, whereby the plaintiff is entitled to request communication of the quantities of infringing products sold and purchased as well as other information likely to estimate their prejudice (Article L.716-7-1 of the French Intellectual Property Code).

However, these procedures apply in IP matters in general and are not limited to trade mark infringements.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

As mentioned, there are special procedural provisions for trade mark proceedings in Articles L.716-1 and seq of the French Intellectual Property Code, which distribute the special jurisdiction for trade mark matters between the FTO and French civil courts.

The FTO has exclusive jurisdiction over most of the trade mark revocation and invalidation actions when the actions are filed as a main cause of action (Article L.716-5 of the French Intellectual Property Code).

However, civil courts have exclusive jurisdiction for revocation and invalidation actions in some specific cases set by law and notably when the latter are filed as a defence to a main action for trade mark infringement or unfair competition (Article L.716-5 of the French Intellectual Property Code).

Civil courts also have exclusive jurisdiction over trade mark infringement procedures. Therefore, the parties have very little influence on who is the decision maker.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

Under French law, the criteria to establish trade mark infringement is that the litigious sign must be used in the frame of a commercial activity for identical or similar goods and services (Arti-

cle L.713-2 of the French Intellectual Property Code).

French law does not refer to a use “as a trade mark” per se, thus the claimant to an infringement action does not need to establish such use.

However, in light of French trade marks practice and case law, if the litigious sign is used merely in a purely descriptive manner, the defendant to the action could potentially successfully claim this as a defence to the infringement action.

8.3 Factors in Determining Infringement

The factors that are taken into consideration when assessing trade mark infringement are essentially the following, which are assessed as a whole:

- the distinctiveness of the earlier trade mark;
- identity or similarity of the signs;
- identity or similarity (including complementarity) of the goods and services; and
- relevant public and its degree of attention.

8.4 Elements of Other Trade Mark Claims

Aside from the likelihood of confusion, other elements that can be brought up by trade mark owners, especially of trade marks that are well-known, in the frame of trade mark infringement actions are trade mark dilution and tarnishment – ie, damage caused to the image/reputation of the trade mark.

Cybersquatting can also constitute a form of infringement.

8.5 Effect of Registration

The main benefit of a trade mark registration under French Trade Mark Law is that the trade mark is presumed valid and enforceable, unless proven to the contrary.

Moreover, for a period of five years following the registration of the trade mark, it can not be subjected to an invalidation action based on non-use (Article L.714-5 of the French Intellectual Property Code).

8.6 Defences Against Infringement

Article L.713-6 provides a list of cases where a trade mark owner can not oppose its trade mark rights against a third party, which are:

- the litigious sign is the family name or address of the third party;
- the litigious sign is descriptive or devoid of distinctive character;
- the litigious sign is used in a descriptive manner; and
- the litigious sign was used in good faith prior to the trade mark registration as a business name, company name, commercial sign or domain name.

Moreover, other valid defences would be:

- if the defendant claims priority on its sign that goes back earlier to the filing of the trade mark invoked;
- lack of genuine use of the trade mark invokes if it has been registered for over five years;
- the trade mark invoked has become the generic term to describe the goods and services or a characteristic thereof;
- claiming a cause for revocation of the trade mark invoked (on relative or absolute grounds); and
- preclusion by acquiescence if the owner of the trade mark knew about and tolerated the litigious sign for over five years.

8.7 Obtaining Information and Evidence

Article L.716-4-7 of the French Intellectual Property Code allows to pursue counterfeit seizure

(see 7.10 Counterfeiting). As previously mentioned, this specific proceeding allows trade mark owners to request an order from a judge (more precisely the President of the civil court that is competent to hear the case on the merits) authorising a bailiff (who can be assisted by an expert if needed) to go to the defendant's premises and gather all relevant information and seize all relevant documents and products that can contribute to establishing the trade mark infringement and the scope thereof (quantities, invoices, promotional supports, amount of the prejudice, etc).

Moreover, as noted in 7.10 Counterfeiting, the right to information allows the plaintiff to request the court to ask for communication of the quantities of infringing products sold and purchased as well as other information likely to estimate their prejudice (Article L.716-7-1 of the French Intellectual Property Code).

Both these proceedings are, however, significantly different from the discovery phase in the USA.

8.8 Role of Experts and/or Surveys

Surveys are generally accepted and often appreciated by French courts in trade mark matters.

Surveys can be submitted to establish notably: the distinctiveness (inherent or acquired through use) of a sign or the lack thereof, the reputation of a trade mark, the likelihood of confusion, the degree of attention of a certain category of consumers, etc.

Courts tend to take surveys into account when assessing the merits of a case, provided that the survey is carried out by a reliable institute and that the survey methods are clear. However,

surveys are not the only way to prove likelihood of confusion and are not sufficient.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

As mentioned in 7.2 Legal Grounds for Filing Infringement Lawsuits, trade mark infringement may constitute a criminal offence under French law, so criminal sanctions are also available. Articles L.716-9 and seq set different amounts of fines and years of imprisonment depending on the scope of the infringement.

Right-holders may either bring the alleged infringer directly before criminal court or intervene as a "civil party" in a criminal procedure brought before the court by a prosecutor. Nevertheless, right-holders usually prefer civil proceedings due to the nature and specificities of intellectual property rights.

8.10 Costs of Litigating Infringement Actions

The costs of a civil action for trade mark infringement vary from case to case. The global budget of such legal action from start to finish (decision in the first instance) is very difficult to assess and depends on the time and difficulty of each proceeding.

9. Remedies

9.1 Injunctive Remedies

Injunctive remedies, especially preliminary injunctions, are available under French trade mark law.

To obtain such remedies the trade mark owner must start a preliminary action before the President of the civil court and prove that there is a matter or urgency (actual or imminent infringe-

ment) that justifies granting preliminary measures without a decision on the merits.

Article L.716-4-6 of the French Intellectual Property Code specifically provides that the trade mark owner can obtain the following preliminary measures:

- an injunction to cease the infringement;
- a conservatory seizure of assets;
- blocking bank accounts; and
- ordering the deposit of a sum that would cover potential damages.

9.2 Monetary Remedies

Article L.716-4-10 of the French Intellectual Property Code provides that the following factors are to be taken into account when determining the amount of monetary damages awarded to the trade mark owner:

- the negative economic consequences of the infringement for the trade mark owner (loss of earnings);
- the moral prejudice caused to the trade mark owner; and
- the benefits obtained by the defendant.

Where there are not enough elements to determine the above, the judge can alternatively allocate a lump sum.

There are no punitive damages under French law.

9.3 Impoundment or Destruction of Infringing Articles

Under French trade mark law and practice, the judge can order the destruction of infringing products.

9.4 Attorneys' Fees and Costs

Articles 699 and 700 of the French Civil Procedure Code allow the judge to order the losing party to reimburse the costs and expenses of proceedings (including attorney's fees) to the other party.

However, the allocated sum is a lump sum and does not, in most cases, correspond to the costs actually incurred.

9.5 Ex Parte Relief

Under French law, the trade mark owner cannot obtain damages or other types of relief without starting a procedure that implies the notification to the defendant and an adversarial proceeding that allows the defendant to defend itself.

The only circumstance in which the defendant would not be notified is the specific counterfeit seizure procedure mentioned in **7.10 Counterfeiting** and **8.7 Obtaining Information and Evidence**. However this is just to obtain evidence, not relief.

9.6 Rights and Remedies for the Prevailing Defendant

The prevailing defendant can invoke Articles 699 and 700 of the French Civil Procedure Code and request the reimbursement by the claimant of the costs and expenses of proceedings (including attorney's fees).

Moreover, in certain circumstances, where the action brought up by the claimant can be considered abusive, the defendant can claim additional damages to repair its prejudice caused by the abusive nature of the procedure.

In cases where the plaintiff publicly accused the defendant of infringement before any decision

was issued, the defendant can also file a counterclaim in disparagement and claim damages.

9.7 Customs Seizures of Counterfeits or Criminal Imports

French Law does provide for customs seizures of counterfeits and parallel imports (Articles L.716-8 et seq of the French Intellectual Property Code).

At the written request of the owner of rights on a registered trade mark, customs can retain, in the course of their controls, products which they suspect to be counterfeit. The right owners are immediately notified of such detention. The public prosecutor is also informed of the said measure by the customs administration.

The right owners have ten working days, or three working days in the case of perishable goods, from the notification of the detention of the goods to justify to the customs services either protective measures decided by the competent civil court, either to initiated civil or criminal proceedings and to have provided the guarantees intended to compensate the holder of the goods in the event that the counterfeit is not subsequently recognised, or to have lodged a complaint with the public prosecutor.

For the purposes of initiating the legal actions referred to in the third paragraph, the plaintiff may obtain from the customs administration the names and addresses of the consignor, the importer, the consignee of the detained goods or their holder, as well as images of these goods and information on their quantity, origin, provenance and destination by way of derogation from Article 59 bis of the Customs Code, relating to the professional secrecy to which the customs administration's agents are bound.

9.8 Different Remedies for Different Types of Trade Marks

French trade mark law does not distinguish different types of remedies depending on the types of trade marks.

However, the amount of monetary remedies could potentially vary depending on the type of trade mark – ie, for instance if the infringement contributes to the tarnishment of a well-known trade mark.

10. Resolving Litigations

10.1 Options for Settlement

There is an obligation under French Civil Procedure Laws to first try to amicably settle the matter prior to initiating a legal action, inter alia for trade mark infringement.

Therefore, the claimant to such action should take the first step in trying to settle the matter, prior to bringing it to the court. It is a legal obligation. However, in light of the recent case law, it does not suffice to invalidate the action.

That being said, if the action is initiated before the court, the defendant to the civil action can always try to approach the claimant through its legal counsel to propose a settlement.

Moreover, there are also alternative dispute resolution mechanisms available to the parties. For instance, mediation is one of them and judges often invite the parties to consider mediation in the early stages of a civil proceeding. Mediation conferences are, however, not mandatory and the parties can decline and refuse to engage into such mediation.

10.2 Prevalence of ADR

As mentioned above, ADR mechanisms are available to the parties to a trade mark action.

Mediation is the most common of them and judges often invite the parties to consider mediation in the early stages of a civil proceeding. Mediation conferences are, however, not mandatory and the parties can decline.

If the parties to agree to start a mediation proceeding, the judge will issue an order for mediation, a mediator will be appointed, and the parties will be summoned to participate in mediation meetings until they reach an agreement which will officially put an end to the dispute.

It should be noted that in practice trade mark civil actions are rarely settled through mediation.

10.3 Other Court Proceedings

It can happen that other proceedings, parallel to a court action in a trade mark, would influence the latter.

This can range from a parallel action for trade mark infringement, a revocation or invalidation action, or even an opposition before a Trade-marks Office.

In such cases, one of the parties, or both parties, can inform the court of the parallel action and ask the court to stay the proceedings while the parallel action is over, in order notably to avoid having contradictory decisions or simply by claiming that it is necessary in order to “ensure an efficient administration of justice”.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Decisions from the civil court of first instance can be subject to an appeal before French courts of appeal and more precisely the court of appeal that has territorial jurisdiction depending on the court of first instance.

The appeal must be filed within two months as from the notification of the decision of first instance.

The appeal proceeding normally lasts around a year and a half before a decision is issued.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions that would apply specifically for trade mark matters in the frame of appellate procedures.

11.3 Scope of the Appellate Review

The appeal is limited to the scope of the declaration of appeal filed by the appellant, combined with the scope of the cross-appeal filed by the respondent, if any.

Therefore, depending on the scope of the parties' appeals, the appeal can potentially be limited to the review of only part of the matter, or in some cases the whole matter.

In any event, the Appellate Court will fully review all the facts, law and evidence of the case for the whole scope of the appeal.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Trade marks can also be protected by copyright, provided the sign meets the requirement of “originality” imposed by French copyright law. This is the case especially when the trade marks are logos or commercial phrases (slogans).

If a trade mark is constituted of a surname, it does not respond to a specific or different rule. However, the trade mark is valid provided it does not cause a prejudice to a person that bears the surname at issue.

To obtain the revocation of the trade mark the latter would have to prove that the trade mark is identical or highly similar to its name, that it leads to an association in the mind of the public between the trade mark and the individual as person, and that this causes them harm or prejudice. This is not easy to prove, but it could be established, notably when a trade mark reproduces the name of a celebrity without their authorisation.

The scope of trade mark rights is not limited by copyrights. However, similarly to surnames, a trade mark could be revoked if it infringes a third party’s copyrights.

12.2 Industrial Design

A trade mark can be protected cumulatively by design law if the sign at issue meets the requirements for trade mark protection (distinctiveness, availability, etc) and those of design protection (individual character, novelty).

12.3 Rights of Publicity and Personality

Personality and “image” rights interact with trade mark law where a trade mark reproduces

the name or likeness of a person, especially a celebrity.

In such cases, the natural person can claim its rights on its name and image to obtain the revocation of the trade mark containing such attributes, and even damages.

The plaintiff would have to prove that the trade mark is identical or highly similar to its name or likeness without authorisation, that it leads to an association in the mind of the public between the trade mark and them as person, and that this causes them harm or prejudice.

12.4 Unfair Competition

Under French law, and more specifically Article 1240 of the French Civil Code, unfair and parasitic competition can be claimed alternatively or jointly with a trade mark infringement action.

However, in order to be admissible, the claim for unfair competition must be based on facts that are different from those that base the trade mark infringement claim. That is, claimants can not invoke both grounds (trade mark infringement and unfair competition) simultaneously for the same facts.

A claim for unfair competition can also be brought up as an alternative to the claim for trade mark infringement especially when the claimant might fear that its trade mark rights would not be enforceable for some reason.

13. Additional Considerations

13.1 Emerging Issues

The most recent development in French trade mark law and practice is the reorganisation of trade mark law that occurred at the end of 2019

and was fully implemented by April 2020. This has notably led to new proceedings such as the revocation and invalidation proceedings before the FTO, which initially fell within the exclusive jurisdiction of the French civil courts.

This relatively new exclusive jurisdiction awarded to the FTO will give rise to a new type of case law on revocation and invalidation matters.

13.2 Trade Marks and the Internet

There are specific rules as regards liability in the frame of trade mark infringements on the internet.

The French Statute LCEN of 21 June 2004 (*Loi pour la confiance en l'économie numérique*) classifies different types of actors and their respective level of liability, from highest level of responsibility to lowest: the publisher of the content, the host of the site, the service provider.

As regards internet service providers in particular they may be required to block counterfeiting contents if actions against the publishers and hosts were unsuccessful.

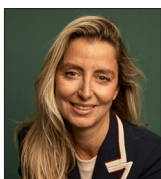
13.3 Trade Marks and Business

There are no special rules in France regarding trade marks used in business.

Cabinet Bouchara – Avocats was founded in 2005 by Vanessa Bouchara. With offices in Paris and Lyon, Cabinet Bouchara – Avocats is a firm specialised in all aspects of intellectual property, including trade marks, designs, copyright, domain names, data protection, personality rights and advertising law. The firm has a small team of dynamic and competent professionals. In copyright matters, the firm provides assistance and follow-up services, including

advice on the protection of authors' rights and the filing of customs surveillance records. The firm is also skilled in negotiation and drafting of sales and licensing agreements as well as in the field of representation in disputes relating to copyright, and in all collateral issues relating to domain names and new technologies, including matters of unfair competition which may be preferred to infringement proceedings when the copyright infringement is not certain.

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

As Germany has a civil law system, rights in marks are based on statutory law. The central statutory source of law is the German Trade Mark Act (*Markengesetz* or TMA). Beyond that, there is a variety of case law specifying and implementing the statutory law.

Germany has signed the TRIPS Agreement, the Paris Convention for the Protection of Industrial Property and the Nice Agreement concerning the international classification of goods and services.

1.2 Types of Trade Marks

German trade mark law establishes different types of trade marks. Registered trade marks are the most commonly used; however, several unregistered signs – such as unregistered trade marks which have acquired protection by virtue of extensive use, company designations, domains and work titles – and indications of geographical origin are also protected.

Provided that the sign is appropriate and distinctive, any type of perceptible sign might be protected as a trade mark. Consequently, besides word marks and figurative marks, there are also combined word/figurative marks, sound marks, olfactory (smell) marks, colour marks, movement marks, certification marks, collective marks, slogans and three-dimensional marks.

The Trade Mark Modernisation Act (*Markenrechtsmodernisierungsgesetz*), which implements the requirements of EU Trademark Directive 2015/2436, also introduced certification marks. Certification marks may protect quality labels

which reference significant characteristics of the labelled good.

Certification marks are not to be confused with collective marks, which are owned by certain legal entities (associations) for their members.

1.3 Statutory Marks

Apart from the TMA, special legal protection is provided for the Olympic emblem and other Olympic designations by the *Olympiaschutzgesetz*.

1.4 Well-Known Foreign Marks

Trade marks which are not yet registered or in use in Germany can be protected if they are famous marks in the sense of Article 6 bis of the Paris Convention.

1.5 Term of Protection

For registered trade marks, see 3.3 **Term of Registration**. Unregistered trade marks and company designations are protected as long as the respective protection requirements are met.

1.6 Exhaustion of Trade Mark Rights

Under the TMA, the proprietor of a trade mark is not entitled to prohibit a third party from using the trade mark for goods which have been put on the market under this trade mark, either by them or with their consent, in Germany, any other EU member state or in any other contracting party to the Agreement on the EEA. This does not apply if there are legitimate reasons for the proprietor of the trade mark to oppose the use of the trade mark, in particular if the condition of the goods has been changed or impaired after being put on the market.

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1.7 Symbols to Denote Trade Marks

There is no need for a trade mark owner to use a special symbol (eg, ®) to denote that a trade mark is registered or existing.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

Trade marks may be freely assigned from one owner to another. There are no formal requirements or formal procedures for an assignment and no approval from the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt* or DPMA) is required. The (pending) application for the registration of a trade mark as such may also be freely transferred.

A trade mark is assigned by means of a contractual agreement. The assignment agreement is not subject to any specific formal requirements; however, it is strongly recommended that it is concluded in writing for the purpose of preservation of evidence.

2.2 Licensing Requirements or Restrictions

There are no formal requirements for licence agreements on trade marks; however, it is strongly recommended to conclude a licence agreement in writing for the purpose of preservation of evidence. Any trade mark, whether registered or not, may be the subject of a licence agreement. The scope (eg, exclusive, non-exclusive, all or part of the services and/or products for which the trade mark is protected, limited in time or perpetual) of the respective licence and further licensing conditions may be freely negotiated between the parties. There are no reasons that a trade mark owner would not be able to grant a perpetual licence.

2.3 Registration or Recording of the Assignment

The parties of a trade mark assignment are under no obligation to give notice of the change of the owner of the trade mark to the DPMA. However, it is recommended that the new owner has the register changed appropriately as the TMA contains a refutable presumption that the registered owner of a trade mark is the actual owner of the trade mark (Section 28 (1) TMA).

In the past, registration of a licence in the German trade mark register was neither necessary nor possible. However, due to the TMA changes implemented by the Trade Mark Modernisation Act, a licence can be registered by request of the trade mark owner or the licensee and with consent of the other party. The same applies to the licence's lapse and any alteration. However, it is worth noting that this is only declaratory and has no legal effect.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no further validity requirements.

2.5 Assigning or Licensing Applications

Equivalent to trade marks, the right of a prospective entitlement conferred by a trade mark application can be assigned and licensed.

2.6 Trade Marks as Security

Trade marks are part of the owner's property and may be subject to rights in rem, assigned by way of security, or levied in execution. Rights in rem and actions under levy in execution may be recorded in the German trade mark register. However, this is only declaratory and does not have a legal effect.

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3. Registration

3.1 Trade Mark Registration

As mentioned in 1.2 Types of Trade Marks, trade mark rights may accrue by virtue of registering a trade mark. However, unregistered trade marks may also be protected (see 4.1 Application Requirements).

3.2 Trade Mark Register

All kinds of trade marks and other registered signs are published in the German trade mark register which is administered by the DPMA. The register, which contains any signs applied for, registered, refused or cancelled, is freely available online in German and English. Registrations of trade marks are also published in the official electronic Trade Mark Journal (*Markenblatt*) which is issued weekly.

Before filing a trade mark application, it is usual practice to search for prior or colliding trade marks, in particular in the trade mark register.

3.3 Term of Registration

The term of registration (and protection) commences on the date of application and ends ten years later on the same day and, in the case of trade marks registered before the Trade Mark Modernisation Act was implemented, on the last day of the month corresponding in name to the month in which the date of application falls. The term may be extended by terms of ten years each, potentially indefinitely. The renewal of the trade mark is subject to payment of a renewal fee and, if the renewal is requested for goods and services in more than three classes, an additional class fee per class.

3.4 Updating or Refreshing Registrations

A subsequent amendment of the trade mark is only partially possible. For example, while the

list of goods and services can be subsequently restricted at any time, an extension to more classes is not possible. The sign applied for itself cannot be subsequently changed. In particular, design marks cannot be updated or refreshed in the course of time.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Provided that the sign is appropriate and distinctive, any type of perceptible sign may be protected as a trade mark.

The formal requirements for submission of a trade mark application, according to the different trade mark types, are stipulated in detail in the German Trade Mark Regulation (*Markenverordnung*). An application to enter a trade mark in the register must be submitted in paper form or electronically to the DPMA and must contain the following:

- information permitting verification of the identity of the applicant;
- a reproduction of the trade mark and an indication which kind of trade mark shall be registered; and
- a list of the goods and/or services for which registration is sought.

As a general rule, any company, partnership or private individual can apply for a trade mark for any type of goods or services.

After receiving the application and fees (to be paid within three months after filing the application), the DPMA examines whether the application meets the formal requirements and whether there are absolute grounds for refusal of the reg-

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istration of the trade mark. If all requirements are met, the trade mark is registered and published in the official electronic Trade Mark Journal. On special request, and subject to an additional fee (EUR200), the application process can be accelerated. The registration procedure is usually completed within seven to eight months.

Multi-class applications are allowed.

4.2 Use in Commerce Prior to Registration

German trade mark law does not require use of the applied trade mark in commerce prior to registration. However, the TMA requires the “serious use” of the trade mark for all goods and services for which the trade mark is protected in order to maintain the right to the trade mark after registration, unless there are legitimate grounds for non-use.

Important indicators for the seriousness of the use are the amount of marketing expenditure concerning the trade mark and the revenue created by the trade mark. After the expiry of a grace period (five years, beginning with the expiry of the opposition period or the completion of an opposition proceeding) a trade mark which is not seriously used may be cancelled upon request of any third party.

4.3 Series Mark Registrations

German trade mark law allows the registration of series marks, if all applications have the same applicant and the same proposal for the leading class.

4.4 Consideration of Prior Rights in Registration

The DPMA does not check the existence of prior rights. Owners of prior rights can initiate opposi-

tion proceedings following the publication of the trade mark.

4.5 Consideration of Third-Party Rights in Registration

Third parties do not have the right to participate during the registration procedure. After the publication of the trade mark, owners of earlier rights have the opportunity to object to the registration.

4.6 Revocation, Change, Amendment or Correction of an Application

After the DPMA received the application, it is no longer possible to alter the trade mark applied for, except where the amendment relates to the correction of errors of wording or obvious mistakes. However, the applicant can withdraw the application at any time or restrict the contained list of goods and services.

4.7 Dividing a Trade Mark Application

An applicant may declare to divide an application. The application for the trade mark will continue to be dealt with as a divisional application for the goods and services listed in the declaration of division. In this case, the seniority of the original application applies for each sub-application.

The application documents required must be submitted for the divisional application. If they are not submitted within three months of receipt of the declaration of division, or if the fee for the division proceedings is not paid within this period, the divisional application is deemed to have been withdrawn.

4.8 Incorrect Information in an Application

See 4.6 Revocation, Change, Amendment or Correction of an Application.

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4.9 Refusal of Registration

The most relevant absolute grounds for refusal to register a trade mark are:

- the trade mark is not clearly and precisely defined;
- lack of distinctiveness;
- the trade mark contains descriptive terms that must be kept freely available for general use;
- danger of deceiving the public;
- an emblem of state included in the trade mark;
- offence against public policy or accepted principles of morality;
- the trade mark has been applied for in bad faith, in particular, containing fraudulent material in application.

However, the lack of distinctiveness may be repudiated if the trade mark in question has, as a consequence of its use, been established as a distinguishing sign for the goods or services for which it has been filed in the relevant public or trade circles (ie, has acquired a secondary meaning or *Verkehrsdurchsetzung*) before the date of the decision on registration. The same applies, if a trade mark contains descriptive terms.

If absolute grounds for refusal are identified during the application examination process, the applicant will be notified in writing and will have the opportunity to make a statement. If it does not overcome all deficiencies stated in the notification, a decision will be taken to refuse the application in whole or in part. In this case, the applicant has the opportunity to have this decision reviewed by filing a request for reconsideration (*Erinnerung*) or appeal proceedings (*Beschwerde*).

4.10 Remedies Against the Trade Mark Office

The registrant can file an objection to the orders of the DPMA and can also file an appeal to the German Federal Patent Court (*Bundespatengericht*).

4.11 The Madrid System

The TMA shall be applied to international trade marks registered in accordance with the Madrid Agreement Concerning the International Registration of Marks (MMA) and in accordance with the Madrid Protocol of 27 June 1989 Relating to the Madrid Agreement Concerning the International Registration of Marks (PMMA).

Under the TMA, the application for the international registration of a trade mark entered in the register in accordance with the MMA or PMMA is to be submitted to the DPMA. Internationally PMMA-registered trade marks are to be examined for absolute grounds for refusal in the same way as German trade marks.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

An opposition to a trade mark registration must be filed in writing within three months after the publication of the registration of a trade mark.

5.2 Legal Grounds for Filing an Opposition

An opposition to a trade mark registration must be filed on the grounds of a risk of confusion with a prior right, by the owner of such prior right. Colliding rights may be a prior trade mark, trade mark application, commercial designation or indication of origin or other geographical indication.

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5.3 Ability to File an Opposition

The owner of a prior right may file an opposition (see 5.2 Legal Grounds for Filing an Opposition). The same applies for licensees. A representation by an attorney is not mandatory. The opposition fee amounts to EUR120 and must be paid within the deadline for filing the opposition.

5.4 Opposition Procedure

Although not mandatory, it is common practice to substantiate an opposition in detail. It is common practice that the applicant files a counter-statement describing the grounds on which the opposition should be rejected.

The opposition procedure is a summary proceeding and there is usually no oral hearing, unless a participating party requests this and the DPMA deems it to be useful for a resolution. The DPMA will render a decision on the opposition and either cancel the newly registered trade mark entirely or partly, or reject the opposition.

By request of both parties of an opposition proceeding the DPMA may grant the parties a “cooling-off period” of at least two months. In this time, the parties may seek an amicable solution for the case. If they fail, the proceedings will continue.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

The decision rendered by the DPMA on the opposition may be challenged by the losing party by filing a request for reconsideration (*Erinnerung*) or an appeal (*Beschwerde*) to the German Federal Patent Court within one month of the contested decision being served upon the respective party.

The decision process of the DPMA is rather slow; thus, appeal proceedings may easily go

on for 12 months or more until a decision is rendered. If an appeal decision of the Federal Patent Court is appealed to the German Supreme Court (*Bundesgerichtshof* or BGH), the duration of the proceedings is considerably longer, being at least a further 24 months.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

German trade mark law stipulates several time limitations for remedies with regard to the different grounds for cancellation:

- cancellation is only possible if the cause for cancellation still subsists on the date on which the decision on the application for cancellation is handed down;
- if the trade mark has been registered in breach of any of the absolute grounds for refusal, in some cases the registration may only be cancelled if the application for cancellation is filed no later than ten years after the respective date of registration;
- a cancellation ex officio is only possible with regard to absolute grounds for refusal, if the cancellation proceedings are initiated within a period of two years of the date of registration; and
- in the case of relative grounds for refusal, the registration may not be cancelled where the owner of the earlier trade mark (or other right) has tolerated the use of the younger trade mark for the goods or services for which it is protected for a period of five consecutive years whilst being aware of such use.

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6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

A trade mark can be subject to cancellation if it contravenes the general prerequisites for the protection of a trade mark as stipulated by the TMA or was registered in contravention of absolute or relative grounds for refusal in the first place.

In contrast to absolute grounds for refusal (see 4.9 Refusal of Registration), relative grounds for refusal result from the relation of the respective trade mark to earlier pending third-party trade mark registrations and/or earlier registered or unregistered third-party trade marks or other earlier rights. Relative grounds for refusal apply, eg, to trade marks which:

- are identical to a pending or registered trade mark with earlier priority and are registered for goods or services which are identical to the goods or services for which the pending or registered trade mark with earlier priority seeks or enjoys protection; or
- are identical or similar to a pending or registered trade mark with an earlier priority, and the identity or similarity of the goods or services covered by the respective trade marks cause a likelihood of confusion for the general public, including the likelihood of association with the earlier trade mark.

Exceptions to the Possibility of Cancellation

However, German trade mark law contains several exceptions to the possibility of cancellation of trade marks for contravention of relative grounds for refusal. For example, a cancellation for contravention of relative grounds for refusal is not possible if the earlier trade mark could itself have been cancelled on the date of the publication of the registration of the younger trade

mark because of revocation or contravention to absolute grounds for refusal.

A trade mark may be revoked at any time as a result of a waiver by the owner. A trade mark may also be revoked due to abandonment or lapse because of insufficient use of the trade mark, and because of further reasons which relate to the character of the trade mark, the specific use of the trade mark or the character of the trade mark owner.

6.3 Ability to File a Revocation/Cancellation Proceeding

Several grounds for cancellation are available to any person, irrespective of whether or not that person has any legal or commercial interest whatsoever in the cancellation of the respective trade mark. This applies with regard to cancellation for abandonment or lapse and cancellation because of absolute grounds for refusal.

Any cancellation proceedings which are based on earlier third-party rights can only be initiated by the owner of the respective right, or persons that have been authorised by the owner to initiate cancellation proceedings (eg, a licensee).

Furthermore, cancellations because of absolute grounds for refusal may be executed ex officio; however, this is subject to strict limitations (see 6.1 Timeframes for Filing Revocation/Cancellation Proceedings).

6.4 Revocation/Cancellation Procedure

Whether a cancellation action is heard before the DPMA or the civil courts depends on the claimed ground for cancellation.

In the case of cancellation for lapse, the claimant may either file a request for cancellation with the DPMA or directly file a claim for cancellation of

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the trade mark with the competent civil court. If the owner of the respective trade mark objects within two months after the DPMA's notice of the cancellation request, the claimant must file a claim for cancellation with the civil courts if the cancellation shall be pursued further.

If the claimant demands a cancellation for registration in spite of an absolute ground of refusal, it is mandatory to file that complaint with the DPMA. The DPMA's decision may be appealed to the German Federal Patent Court.

The DPMA is also competent for any cancellation for lapse or based on earlier rights of the claimant. To avoid the simultaneous involvement of the DPMA and a court regarding the same trade mark, there is no possibility to make an application before the DPMA and the court at the same time or generally if the question of cancellation or revocation of the trade mark has been decided before.

6.5 Partial Revocation/Cancellation

Partial cancellation is possible if the reason for cancellation only applies to a part of the goods and/or services for which a particular trade mark is protected.

6.6 Amendment in Revocation/Cancellation Proceedings

Amendment of a trade mark is not possible in cancellation proceedings. However, the owner may restrict the scope of products and services applied for at any time during cancellation cases.

6.7 Combining Revocation/Cancellation and Infringement

Insofar as the civil courts are competent for decisions regarding the cancellation of a trade mark, the ground for cancellation may generally be introduced into an infringement case before the

respective civil court. If the DPMA and German Federal Patent Court have jurisdiction over the cancellation action, the infringement trial may be stayed by the respective civil court until the cancellation decision has been reached.

6.8 Measures to Address Fraudulent Marks

There is no special procedure to revoke or cancel marks that were filed fraudulently; however, the general rules apply. See 6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Claims under trade mark law are, as a general rule, time-barred after three years. This period begins at the end of the year in which the claim arose and the owner of the trade mark became aware or should have become aware without gross negligence of the circumstances giving rise to the claim and of the person who infringed the trade mark. The claim does not automatically lapse at the end of that period; on the contrary, the defendant has to invoke the limitation period.

7.2 Legal Grounds for Filing Infringement Lawsuits

Out of court, the owner of a trade mark may send a warning letter to the alleged infringer and demand a declaration of agreement to cease and desist from the respective trade mark infringement, threatening further legal action in the event of non-compliance. Furthermore, preliminary injunctions or regular infringement proceedings may also be brought before the competent court directly, without sending a warning letter first. However, if the defendant immedi-

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ately concedes the claims as justified, the trade mark owner usually has to bear the legal costs of the proceedings.

In cases when the trade mark infringement is not clear-cut, the trade mark owner may also send an authorisation inquiry (*Berechtigungsanfrage*) to the (alleged) infringer, requesting an explanation why they believe themselves to be entitled to use the respective trade mark. An authorisation inquiry, unlike a warning letter, contains neither a request to cease and desist from using the trade mark nor a threat of further legal action in case of non-compliance. It serves the purpose of substantiating the suspicion of a trade mark infringement and does not create the risk of a counter-action because of raising non-existing claims.

Infringement claims may not be raised on the basis of a trade mark application.

Dilution

In German trade mark law the term “dilution” does not exist, which is why a trade mark cannot be opposed or prevented from being used in a lawsuit due to “dilution”. However, a trade mark may be contested, with “dilution” being understood as synonymous with a detrimental effect on the distinctive character of a well-known trade mark, which may cause a trade mark infringement.

Cybersquatting

It is often not easy to take action against cybersquatting, because regularly there is no evidence of a risk of confusion due to the (often missing) content of the website linked to the domain. The holding of domain names for speculative purposes without the intention of using them is not necessarily considered an abuse of rights under German law. However, the act becomes abusive

if the domain owner exerts pressure on the owner of a trade mark, eg, by activating undesirable content on the website in order to be able to sell the domain to him. In this regard, claims under the German Unfair Competition Act (UWG) are particularly relevant.

7.3 Parties to an Action for Infringement

Necessary parties to an action for infringement are the trade mark owner as claimant and at least one third party as alleged infringer(s). A licensee may only bring an action with the approval of the trade mark owner (which is usually given in case of an exclusive licensee). Furthermore, a non-licensee or any other party may only bring an action on behalf of the trade mark owner with the approval of the trade mark owner and based on their own legitimate interest with regard to the infringement claims raised.

The filing of an action for infringement based on a trade mark application is not possible. On a case-by-case basis, it might be possible to raise claims based on unfair competition or general civil law principles in order to take an action to stop infringement before the registration of a mark.

7.4 Representative or Collective Actions

German trade mark law does not provide for rules for representative or collective actions.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites with regard to filing a lawsuit (eg, a mediation procedure). However, an immediate filing of a lawsuit without sending a warning letter might have implications for the owner’s obligation to bear the costs (see 7.2 **Legal Grounds for Filing Infringement Lawsuits**).

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Furthermore, there are restrictions on the trade mark owner according to specific trade mark law rules and restrictions based on general principles under German civil law when asserting their rights. For instance, German trade mark law provides that the owner of a trade mark shall not be entitled to prohibit the use of a trade mark with a later time-rank to the extent that they have acquiesced, for a period of five successive years, to the use of this right whilst being aware of such use, unless the third party was acting in bad faith when applying for or acquiring any trade mark right.

With regard to general civil law principles under German law, a trade mark owner may not assert rights where no legitimate interests can be shown and claims are raised solely in order to harm a third party. German unfair competition law may even prevent a trade mark owner from asserting their rights on the basis of an impediment ban, and/or in a case where a trade mark owner primarily intends to generate legal fees to be paid by third parties.

7.6 Initial Pleading Standards

In order to initiate a lawsuit, a statement of claim has to be filed with a court competent for trade mark matters. The statement of claim has to specify the claims raised, and the facts and grounds on which such claims are based on have to be set out in detail. In a case where the statement of claim is based on more than one trade mark right, the claimant has to specify the order in which the rights shall be considered by the court. Apart from that, trade mark proceedings follow the applicable rules for non-intellectual property civil law proceedings.

A defendant may file an action for declaratory judgment of non-infringement.

7.7 Lawsuit Procedure

With regard to trade mark infringements, the regional courts (*Landgerichte*) have exclusive jurisdiction. Furthermore, in each German state there are a limited number of specialised regional courts which deal exclusively with trade mark cases. Thus, a trade mark owner would have to review which regional court is competent for the alleged trade mark infringement in the respective case.

In the second instance, the higher regional court (*Oberlandesgericht*) which is competent for the district of the regional court will decide on an appeal. An appeal decision of a higher regional court may be appealed on points of law only to the BGH and subject to certain conditions (see **11.2 Special Provisions for the Appellate Procedure**).

Due to the aforementioned exclusive jurisdiction of the regional courts in trade mark matters, the parties need to be represented by a lawyer.

Attorney and Court Fees

Attorney fees and court fees are subject to the value of the amount in dispute (*Streitwert*) and the activities of the attorney. Every activity of the attorney will be remunerated according to the provisions of the German Act on Reimbursement of Lawyers (*Rechtsanwaltsvergütungsgesetz*), which determines the relevant business fee unit for every legal task and, in an annexed schedule, the applicable fee for the specific amount in dispute.

If the attorney's legal task is limited to the out-of-court assertion of trade mark claims (eg, the sending of a warning letter), in a normal case of infringement of a trade mark of average value (where the usual amount in dispute is EUR100,000), the statutory prescribed attorney

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ney fee would be EUR1,953.90 plus reasonable expenses and telecommunications costs. Where appropriate, approximately the same costs for an additional patent attorney may be added.

Even if, by law, the statutory legal fees may not be undercut, clients and attorneys are free to agree on a (significantly) higher fee rate by contract, which is quite common in IP cases (and in general), at least at well-known law firms. Hourly rates between EUR200 and EUR600, depending on the seniority of the counsel involved, are common practice.

7.8 Effect of Trade Mark Office Decisions

The courts dealing with trade mark infringement cases are bound by the decisions of the DPMA and the German Federal Patent Court only with respect to the (non-)existence of trade mark rights. Furthermore, an infringement court cannot completely deny the distinctiveness of an existing trade mark. However, with regard to all other legal questions (eg, likelihood of confusion) the court is free to decide.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

In defence against actions for a preliminary injunction, a defendant may proactively file a protective brief (*Schutzschrift*) substantiating the reasons why an alleged infringement does not exist. A defendant may also file an action for declaratory judgment of non-infringement. However, once the trade mark owner files a counterclaim based on the alleged infringement, there is no justified interest in the declaratory judgment, so that the potential defendant has to withdraw the application for declaratory judgment to avoid unnecessary costs.

7.10 Counterfeiting

If a trade mark is infringed by counterfeiting, the trade mark owner is entitled to injunctive relief, destruction of the counterfeits, damages and information about the origin of the counterfeits. There are no specific remedies.

A trade mark infringement may also constitute a criminal offence if it is conducted in the course of trade and may be prosecuted in criminal law proceedings (see 8.9 Trade Mark Infringement as an Administrative or Criminal Offence).

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

Trade mark proceedings before the civil courts in infringement and cancellation proceedings follow the standard procedural rules as laid down in the German Code on Civil Process (*Zivilprozessordnung* or ZPO).

Trials before the Federal Patent Court and the BGH in appeal cases (*Beschwerden*) against decisions of the DPMA in registration proceedings generally also follow the standard procedural rules. However, the TMA stipulates several additional provisions for these trials. Most notably, the Federal Patent Court investigates the relevant facts of the case *ex officio* and is not bound by the facts submitted by the participants and the motions of the participants to take evidence. Furthermore, an oral hearing will be held only if requested by participants, if a taking of evidence is necessary or if the Federal Patent Court deems an oral hearing to be useful for the resolution of the case (*Sachdienlichkeit*).

Cases are generally determined by legal judges alone; however, in infringement cases, it is

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possible to have the case heard by a chamber for commercial matters (*Kammer für Handelsachen*) at the competent regional court. Trials before the Federal Patent Court against decisions of the DPMA (*Beschwerden*) are determined by legal judges alone. Juries do not exist under German law.

The parties have no direct influence on who hears their case. However, in certain specific cases, they may reject a judge because of concerns of bias. In such a case, the court (without the judge in question) decides whether or not the rejection is justified.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

See 4.2 Use in Commerce Prior to Registration.

8.3 Factors in Determining Infringement

In order to determine a trade mark infringement due to the likelihood of confusion between the trade mark and a potentially infringing sign with regard to the origin of particular goods and services, the competing signs firstly need to be compared. The similarity of the signs is examined on the basis of established case law as to whether oral, conceptual and/or visual similarity exists. Secondly, a comparison of the goods and services for which the respective signs seek protection is conducted in accordance with principles established by case law. Finally, the degree of distinctiveness of the trade mark has to be determined.

By conducting an overall assessment of the similarity of the signs, the goods and services and the distinctiveness of the trade mark, it must then be established that these combined factors lead to a likelihood of confusion, including the likelihood of association with the trade mark.

Since the use of a sign as a trade mark is a necessary criterion for a trade mark infringement, the claimant has to establish that the defendant has actually used the sign in such a way and not otherwise (eg, purely descriptively).

8.4 Elements of Other Trade Mark Claims

Trade mark infringement claims may also be based on actionable offences which are similar to the concept of dilution by blurring, tarnishment or freeriding. In particular, the trade mark owner may take action against the use of a sign identical with or similar to the trade mark for goods or services which are not similar to those for which the trade mark enjoys protection if the trade mark is a trade mark which has a specific reputation in Germany and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark which has such reputation.

8.5 Effect of Registration

The TMA contains a refutable presumption that the registered owner of a trade mark is the actual owner of the trade mark (Section 28 (1) TMA). If the owner needs to defend the trade mark, it is considerably easier to raise claims when the owner is the registered owner; this should be taken into account in particular by the new trade mark owner after the transfer of the trade mark right.

8.6 Defences Against Infringement

As a defence, a defendant may invoke an earlier right to use a specific sign. Defendants may also refer to the use of their own name or address, or the use of the trade mark as an indication concerning the kind, quality, quantity, intended purpose, value, geographical origin, time of production or time of rendering a service, or other characteristics of the goods or services, as far

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as the use of the trade mark by a third party is necessary and in accordance with good faith practices in industrial or commercial matters.

Furthermore, a limitation or forfeiture of rights may be invoked as a defence. Forfeiture under trade mark law requires that, after the grace period (see 4.2 Use in Commerce Prior to Registration), the claimant has not used its trade mark for a period of five years.

Defences based on general civil law principles are applicable as well (see 7.5 Prerequisites and Restrictions to Filing a Lawsuit).

8.7 Obtaining Information and Evidence

German law in general does not provide for disclosure or discovery. However, if the infringement is obvious, or the owner has already filed an infringement action against the infringer, the owner of a trade mark or commercial designation has a special claim for disclosure of certain information against third parties who, in a commercial capacity, possessed infringing goods, used infringing services, rendered services which were used for the infringement or took part in any such action. In addition, during infringement proceedings, the defendant may be ordered to disclose specific information to the claimant as part of the infringement claims, eg, with regard to the revenue generated by the infringing goods or services.

8.8 Role of Experts and/or Surveys

Expert statements and/or surveys may be presented by the parties; in particular, surveys may constitute a decisive factor for certain issues of a case. However, when presented by one of the parties, the courts will consider expert statements or surveys as part of a party's submissions only and decide whether it is necessary

for the court to initiate its own survey or request an expert statement as evidence.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement may constitute a criminal offence if it is conducted in the course of trade and may be prosecuted in criminal law proceedings. The initiation of criminal investigations requires the trade mark owner to file a complaint with the public prosecutor, unless the trade mark infringer acts systematically for financial gains or as a member of a criminal organisation; in these cases, the public prosecutor may initiate criminal investigations ex officio at any time upon becoming aware of a trade mark infringement. A trade mark owner may benefit from criminal investigations and proceedings by possibly having the authorities search the premises of the infringer, confiscating goods in a fast and efficient way and inspecting the files in order to gain information on the alleged infringer as preparation for a civil law action for damages.

8.10 Costs of Litigating Infringement Actions

Attorney fees and court fees are subject to the value of the amount in dispute (*Streitwert*) and the activities of the attorney.

Assuming an amount in dispute of EUR100,000, after a first instance proceeding including an oral hearing, attorneys on both sides will each invoice EUR3,757.50 (plus expenses, etc) on the basis of the applicable statutes. Again, due to individual fee agreements the parties' attorney costs may be significantly higher.

Court fees are calculated in a very similar way according to the Court Fees Act (*Gerichtskostenengesetz*). The amount in dispute – which represents the financial interest of the plaintiff

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– determines the court fee, which is then multiplied by a number of fee units subject to the court's actions. A normal proceeding with a written judgment amounts to three fee units.

Expenses, remuneration of witnesses or experts, cost for service of process or translation costs will be added. A lawsuit with a value of EUR100,000 will thus cause court fees in the amount of EUR3,078 (plus expenses, etc).

9. Remedies

9.1 Injunctive Remedies

The owner of a trade mark or any other sign protected under the TMA may file for an injunctive relief against the alleged infringer and also for a preliminary injunction if the infringement is likely and the prerequisite of urgency is met. This commonly requires that the action for preliminary injunction is filed not later than four weeks after the right-holder became aware of the potential infringement. The judge has no discretion to order the injunctive relief if the legal prerequisites are met.

9.2 Monetary Remedies

Any claim for damages requires a culpable infringement, ie, intent or negligence. Otherwise, monetary claims can only be made based on unjust enrichment. As in other fields of IP in Germany, the calculation basis for damages may be:

- actual damages suffered by the right-holder (including lost profits);
- payment of reasonable royalties (*fiktive Lizenzgebühr*); or
- surrender of the profits actually generated by the infringer.

German law does not recognise enhanced damages for intentional infringement. However, it is worth noting that unlike negligent acts of infringement, intentional trade mark infringement may constitute a criminal offence and therefore might be prosecuted by the Public Prosecutor's Office, resulting in fines or imprisonment.

9.3 Impoundment or Destruction of Infringing Articles

In case of a trade mark infringement, the owner of the trade mark may apply for destruction or recall of infringing goods. However, this claim is excluded if the destruction or recall is disproportionate in individual cases. When examining proportionality, the severity of the infringement, the extent of the damage incurred and the legitimate interests of third parties must be considered in particular.

A trade mark owner may file a request for a seizure of infringing goods with respect to the territory of the EU. The border authorities will seize the goods provided the infringement is obvious (see 9.7 Customs Seizures of Counterfeits or Criminal Imports).

9.4 Attorneys' Fees and Costs

The claimant is responsible for paying accrued court fees in order to start the proceedings. During the dispute, expenses incurred for procedural actions are borne by the party which requests them. But ultimately the losing party is required to reimburse the prevailing party for all costs of litigation fees inclusive of court fees, expenses and attorney fees of both parties in the statutory amount; this does not include higher costs due to a fee arrangement.

The judgment rendered by a court always encompasses a decision on the reimbursement

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of cost. In the case of a partial win, the statutory amount of the total cost will be split pro rata.

9.5 Ex Parte Relief

Regular legal proceedings in Germany always require the notification of the defendant. He or she must have the opportunity to participate in the proceedings. Due to constitutional law principles, as a general rule, he or she must also be heard before a preliminary injunction is rendered; however, it may suffice if this is made out of court (eg, by responding to a warning letter).

9.6 Rights and Remedies for the Prevailing Defendant

For the reimbursement of costs, please see the general explanation in **9.4 Attorneys' Fees and Costs**. In short, if no infringement has occurred, the alleged infringer will not have to bear any attorney costs unless their own attorney costs exceed the statutory fees. Furthermore, even if a trade mark infringement has actually occurred, the full cost burden will be ordered to be borne by the trade mark owner if they fail to send a warning letter to the infringer giving the latter an opportunity to settle before filing an application for injunctive relief.

If a defendant is confronted with an alleged trade mark infringement (eg, by receiving a warning letter), and the trade mark owner does not subsequently file a lawsuit, the alleged infringer is entitled to file an action for declaration of non-infringement. If the court proceedings lead to the outcome that the allegation was wrongful, all legal expenses and costs are borne by the trade mark owner.

Independently of any infringement proceedings, the defendant may at any time attack the validity of the trade mark. During revocation proceedings before the Federal Patent Court, the civil

infringement proceedings may be suspended if there are prospects for success of the invalidity action.

If it turns out in the further proceedings that an ordered preliminary injunction or border seizure was unjustified, the alleged infringer has a claim for compensation. In particular, the trade mark owner is liable for loss of profits.

9.7 Customs Seizures of Counterfeits or Criminal Imports

In order to obtain border control actions against potential trade mark infringements, an application has to be filed with the customs authorities. Once such an application has been processed and control measures have been granted, the customs authorities will seize goods entering or leaving the territory of Germany or the EU which are found to be infringing. If the owner of the goods does not oppose the seizure within two weeks, the goods will be confiscated.

In the case of an opposition by the owner of the goods, the trade mark owner is requested to obtain a court decision confirming an infringement of its trade mark. If an infringement cannot be established, the trade mark owner may be liable for damages. If an infringement is established, the trade mark will either be removed from the goods, if possible, or the goods will be destroyed.

An owner of a registered trade mark is also allowed to prohibit the transport of goods which will not be offered in the German market from third countries to Germany (ie, the mere transit), if these goods contain a trade mark which is identical to or in significant elements not distinguishable from the registered trade mark (Section 14a TMA).

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9.8 Different Remedies for Different Types of Trade Marks

Remedies do not vary according to the different types of trade mark or other rights obtaining protection under the TMA. Trade mark owners – whether of a registered trade mark or any other right protected by provisions of the TMA – have a range of remedies against infringements. Subject to the respective legal prerequisites, they may apply for:

- (permanent) injunctive relief;
- disclosure of information on the origin and the distribution channel of infringing goods;
- damages;
- destruction or recall of infringing goods; and
- publication of the judgment.

10. Resolving Litigations

10.1 Options for Settlement

During a trial, the parties can settle the case at any time by reaching an agreement. A settlement agreement can be made out of court or before the court. For the former, the parties need to end the trial. The latter ends the trial and, depending on the content of the settlement, provides the parties with an enforceable title.

The courts are required by law to seek an amicable solution of the dispute at all times during the proceedings. It is not uncommon that the court, usually in an oral hearing, makes a proposal for a settlement agreement. However, the parties are free to follow such a proposal, to amend it or to reject it.

10.2 Prevalence of ADR

In spite of the growing significance of ADR in Germany, it is not very common in IP matters, and even less so in trade mark cases. The rea-

son for this is the excellent work of German courts in litigating trade mark and other IP cases. Compared to other countries, the courts work relatively quickly and at reasonable cost and usually provide a substantial level of expertise. Furthermore, a fruitless attempt at ADR is not a prerequisite for any court action. Nevertheless, ADR may still be appropriate in cases of long-term and multinational agreements between the parties, rather than in infringement cases.

The most common ADR method in IP matters is arbitration. Provided that the parties conclude a valid arbitration agreement in an arbitrable matter, an action before a state court is not admissible. For all arbitrational proceedings conducted in Germany, the tenth Book of the German Code on Civil Process (Sections 1025 to 1066) applies. The law is based on the UNCITRAL Model Law, and Germany is party to various international arbitration treaties, such as the New York Convention.

Parties are then free to agree on the language used in the arbitral proceedings, the place of arbitration and the person and the number of arbitrators. Pertaining to the procedural rules, the parties may agree to pre-drafted arbitration rules (eg, by the ICC) or leave it to the arbitral tribunal to decide how to approach fact-finding and taking of evidence. The tribunal's final ruling has the same status as a final court judgment and can be declared enforceable. It includes a decision on the costs, taking into consideration all circumstances of the case, in particular the outcome.

10.3 Other Court Proceedings

An infringement case may be stayed by the court if a parallel cancellation/revocation trial is pending (see 6. Revocation/Cancellation Pro-

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cedure); however, the infringement court is not obliged to do so.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Appeals against first instance decisions (*Berufung*) – which will usually be admissible in trade mark cases due to the high value of the amount in dispute (*Streitwert*) – will be conducted before the higher regional courts. Within one month of service of the full version of the judgment, the appellant must submit a statement of appeal. Within one more month, the appellant must submit a statement on the grounds of appeal describing the reasons why they consider the judgment to be erroneous and the significance of these errors for the judgment.

The second appellate level (*Revision*) before the BGH is subject to explicit permission to appeal being granted. This permission may be granted by the higher regional court or by the BGH after filing a non-admission complaint (*Nichtzulassungsbeschwerde*) against the denial to grant a second appeal. For the filing of a non-admission complaint and the non-admission complaint respectively, the same deadlines apply as in the first-level appeal (see the preceding paragraph). The content requirements are also similar, and it must be submitted by an attorney admitted to practice before the BGH.

At the first appellate level, as a general rule, the duration of the proceedings will usually take at least six to 12 months. The second-level appeal very often lasts for a further 18 to 24 months, until a decision is rendered.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions concerning the appellate procedure.

11.3 Scope of the Appellate Review

On the first appellate level, as a general rule, a full review of the facts of the case and on points of law will take place. However, a statement of completely new facts compared to the first instance proceedings is only permitted subject to certain restrictions.

In contrast, the BGH is bound by the facts found by the first instance and the first appellate level court. Thus, the second-level appeal is on points of law only.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Intellectual property rights are not mutually exclusive. In general, a trade mark might also be protected in parallel by other rights (eg, a copyright in the case of a very creative logo), provided that the respective protection requirements are met.

Names of persons – whether real or fictitious, known or unknown, living or deceased – are eligible for trade mark protection. Whether a personal name is registered as a trade mark depends on the same criterion as for all other signs, namely whether the name has distinctive character.

12.2 Industrial Design

Besides trade mark protection, a specific design (eg, of a product) might also be protected as an industrial design in accordance with the

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Designgesetz (DesignG). However, in order to prevent the limited term of protection under the DesignG (25 years) from being undermined, there are specific requirements that must be met for trade mark protection of a design (see 4.9 Refusal of Registration).

12.3 Rights of Publicity and Personality

Trade mark law and personality rights aspects may coincide, but in German law the latter elements are subject to personality rights alone. However, personality rights may constitute a relative ground for refusal for registered trade marks. In individual cases, the right of personality may be infringed, for example, by the use of a voice in the case of sound marks, by the use of a signature in the case of pictorial marks or by the (commercial) use of pictures. A post-mortem personal right is also protected, although according to German case law, protection expires ten years after death.

The right to a name of an individual or an entity is protected under the German Civil Code (*Bürgerliches Gesetzbuch*). The owner of a trade mark cannot prohibit someone from using their own name as a mark in the course of trade. However, the user of a mark with a later priority may be ordered to apply necessary and reasonable measures to prevent confusion.

12.4 Unfair Competition

In principle, claims under trade mark law can exist alongside claims under German competition law (UWG). For example, the imitation of a trade mark or the use of a similar sign with a risk of confusion can also be an unfair act under the UWG. Although there is no precedence rule, the application of the UWG shall not undermine any specific features of the TMA, and conversely, the application of the TMA shall not undermine any specific features of the UWG. The interaction

between the UWG and the TMA is controversial in German law. If questions in this respect should become relevant, it is recommended to seek legal advice.

13. Additional Considerations

13.1 Emerging Issues

In July 2020, the German Federal Supreme Court ruled that the square shape of Ritter Sport chocolate bars can be protected as a trade mark. Thus, competitor Milka, which had tried for ten years to have this trade mark cancelled, is not allowed to offer its chocolate in a square shape.

In July 2021, the German Federal Supreme Court ruled that the gold shade of the Lindt Goldhase is entitled to trade mark protection. The focus was on whether the colour shade for the product “chocolate bunny” acquires a reputation in the trade and thus establishes a use mark (Section 4 No 2, TMA) on the gold shade of the Lindt Goldhase.

13.2 Trade Marks and the Internet

In July 2019, the German Federal Supreme Court ruled that advertising with a trade mark using a search-engine advertising mechanism such as Google AdWords constitutes trade mark infringement if the advertisement contains a link leading to a product overview that does not only contain products of the searched brand.

In general, a provider is liable as an interferer for trade mark infringements by third parties on its platform only if it is legally possible for it to prevent the infringing act and if it is possible and reasonable for it to have a duty of inspection and control. The operator of an internet trading platform is subject to inspection and monitor-

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ing obligations after becoming aware of a trade mark infringement.

13.3 Trade Marks and Business

German trade mark law does not provide for any special rules or norms requiring a company to register for manufacturing products or to have a permit for the use of a trade mark. However, in certain areas (eg, food law) there are special legal standards regarding manufacturer labels.

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SZA Schilling, Zutt & Anschütz has been one of the most reputable German corporate law firms for almost a century. With more than 100 attorneys, it advises domestic and international clients on nearly all areas of corporate and commercial law. The IP/IT department of SZA is located in Mannheim and Frankfurt and currently practises with nine attorneys in all areas of IP and IT, as well as data protection law. With the establishment of its China Desk, SZA provides consultation for Chinese companies regarding

investments and business activities in Europe in all fields pertaining to commercial law, especially in relation to the protection of intellectual property, including the registration, defence, judicial and out-of-court enforcement of brands, patents and know-how. Further, in mutual cooperation with leading local law firms, SZA also provides consultation in the field of industrial property rights for European companies regarding their business in China.

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Trends and Developments

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SZA Schilling, Zutt & Anschütz see p.203

Trade Mark Boom Settles at High Level

The trade mark boom that started during the COVID-19 pandemic continued in 2021. The number of new trade mark applications at the German Patent and Trade Mark Office (DPMA) in that year was 92,317. This was the highest number in 22 years. Nevertheless, the curve is flattening. While the number of trade mark applications in 2020 increased by 13.5% compared to 2019, the increase from 2020 to 2021 was only 3.2%. The DPMA assumes that the pandemic-related boom in trade mark applications will now slowly come to an end, but the number of trade mark applications will remain at a high level.

In 2021, 91,613 registration procedures were completed at the DPMA, 15.1% more than in 2020. In total, 68,597 national trade marks were registered, 13.5% more than in the previous year and an all-time peak.

Despite the challenges of the COVID-19 pandemic and the large number of trade mark applications, the DPMA was able to reduce the duration of completion for pending registration procedures.

The average duration of a trade mark application was two months from the date of filing.

There was a significant increase in applications in class 21 (household and kitchen utilities; 18.0%), class 29 (foodstuff of animal origin; 14.7%), classes 32 and 33 (non-alcoholic and alcoholic beverages; 15%) and class 28 (toys and sports equipment; 16.6%). The DPMA sus-

pects that consumption habits have shifted from communal activities to self-sufficient ones due to the pandemic. In contrast, applications in classes 5 (pharmaceutical products, plasters, materials for dressings, disinfectants) and 10 (medical apparatus and instruments; orthopaedic articles) decreased significantly by 7.8% and 20.4%, respectively, which the DPMA attributes to a saturation of the demand for new trade marks in these fields.

The companies with the most trade mark registrations in 2021 were the US company Make Great Sales Ltd. with 79 registrations, Bahlsen GmbH & Co. KG with 66 registrations, and Private Mark GmbH with 65 registrations.

DPMA Takes the Current Situation in Ukraine Into Account in Selected Trade Mark Procedures

The DPMA assured Ukrainian applicants of its support, as far as this is possible within the legal framework. In particular, this applies to the granting of requests for extension of deadlines determined by the DPMA. For statutory time limits, reference was made to *restitutio in integrum*.

Remote Participation in Proceedings Under the Trade Mark Act

On 1 May 2022, (procedural) amendments entered into force due to the Second Act to Simplify and Modernise Patent Law (2nd PatMoG). Pursuant to Section 60 I of the amended Trade Mark Act (MarkenG), it is now possible to participate remotely in hearings and interrogations in proceedings of the DPMA.

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Proposal of the EU Commission to Extend the Protection of Geographical Indications for Craft and Industrial Products

On 13 April 2022, the EU Commission presented a proposal for a regulation on geographical indications for craft and industrial products. This proposal aims to broaden and harmonise geographical protection and increase the visibility of regionally manufactured products such as Murano glass, Donegal tweed, Limoges porcelain, Solingen cutlery and Boleslawiec pottery. According to the EU Commission, producers of craft and industrial products shall be enabled to protect their products and their traditional know-how in Europe and beyond.

For agricultural products, harmonised protection for designations of origin and geographical indications has existed under EU law since 2004.

According to the current proposal, there should be no coexistence of national protection rights and EU protection rights in this area one year after the new regulation enters into force.

In Germany, designations of origin and geographical indications for certain non-agricultural goods and services can already be registered under the Trade Mark Act (MarkenG), provided that the indication has not become generic.

Considerations of the EUIPO on Legal Basis for the Application of Trade Marks for Virtual Goods and Non-fungible Tokens (NFTs)

The EUIPO is looking into the legal basis for the assignment of trade mark applications in connection with virtual goods and NFTs. According to the EUIPO, virtual clothing is already represented in class 9, whereby the indication of the trade mark would have to be supplemented by, for example, “downloadable virtual goods, namely virtual clothing”. So, virtual goods are to

be placed in the class that includes computer hardware and software as well as downloadable media.

“Downloadable digital files authenticated by non-fungible tokens” are registrable as trade marks in the 12th edition of the Nice Classification. However, it will be necessary to specify the nature of the digital article when filing the application. The NFT itself is merely a method of authentication and therefore not protectable as such.

Decisions of the Federal Supreme Court

The Bundesgerichtshof (BGH) had to decide on several interesting cases in late 2021 and 2022.

“Google – Third-party information”

In its decision of 14 July 2022, the Federal Court of Justice clarified the scope of the claim to information pursuant to Section 19 of the Trade Mark Act in a case of internet advertising.

The facts of the case

The plaintiff is the proprietor of the word mark “ALBA”, which claimed protection for the services “disposal and recovery of waste [...] by [...] recycling”. The sign “ALBA” has also been used by the applicant for many years as a corporate business symbol. The defendant is an internet search engine operator and offered the advertising program “AdWords” in Germany, with which customers can place targeted advertisements by naming certain keywords which, when entered by the user, are to be displayed to him or her. In 2017, the plaintiff discovered that when it entered “Alba Recycling”, an advertisement from another company appeared under the title “Alba Recycling Abholung – Wir entsorgen für Sie” (Alba Recycling Collection – We dispose of waste for you). After the plaintiff filed a so-called trade mark complaint with the defendant, the

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defendant deleted the advertisement. In order to prepare claims for damages, the plaintiff asserted claims for information against the defendant with regard to the purchaser of the advertisement. The claims were directed at (a) the time from which the advertisement was visible, (b) the number of clicks on the advertisement and (c) the prices that the purchaser had paid to the defendant for the advertisement.

The Trade Mark Act

§ 19 Right to information.

(1) The proprietor of a trade mark or of a commercial designation may sue the infringer in cases falling under sections 14, 15 and 17 for provision of information regarding the origin and the channels of commerce of unlawfully identified goods or services.

(2) In cases of an obvious legal infringement or in cases where the proprietor of a trade mark or of a commercial designation has brought an action against the infringer, the claim may also be asserted, without prejudice to subsection (1), against a person who, on a commercial scale,

[...]

3. provided services used for infringing activities, or [...]

(3) The person obliged to provide the information shall give particulars of:

1. the name and address of the manufacturers, suppliers and other previous holders of the goods or services as well as of the intended wholesalers and retailers, and

2. the quantity of the goods manufactured, delivered, received or ordered as well as the prices paid for the goods or services concerned.

Directive 2004/48/EG

Article 8 Right of information.

(1) Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:

[...]

(c) was found to be providing on a commercial scale services used in infringing activities; [...]

(2) The information referred to in paragraph 1 shall, as appropriate, comprise:

(a) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;

(b) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

(3) Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which:

(a) grant the rightholder rights to receive fuller information; [...]

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The decision

The decision of the BGH resulted in the complete dismissal of the action.

The purchaser of the advertisement had committed an obvious infringement of the plaintiff's trade mark in the AdWords ad at issue pursuant to Section 19 (2) sentence 1 of the Trade Mark Act. The defendant is a commercial provider of services that were used for the infringing activity, Section 19 (2) sentence 1 no. 3 of the Trade Mark Act.

Firstly, contrary to the opinion of the court of appeal, the BGH decided that the information at the time of visibility of the advertisement was not information on the channels of commerce pursuant to Section 19 (1) of the Trade Mark Act.

Thus, Section 19 of the Trade Mark Act serves to transpose Article 8 of Directive 2004/48/EC, Section 19 (1) and (2) of the Trade Mark Act transpose Article 8 (1) of the Directive, and Section 19 (3) of the Trade Mark Act transposes Article 8 (2) of the Directive. The German legislator has limited itself to the minimum harmonisation prescribed by the Directive and has not created any further-reaching rights to information. Section 19 (3) of the Trade Mark Act must therefore be understood in the same way as Article 8 (2) of the Directive and the corresponding interpretation by the European Court of Justice (ECJ – Judgment of 9 July 2020 – C-264/19 – Constantin Film Verleih GmbH v YouTube LLC et al) must be taken into account. In this case, the ECJ stated that Article 8 of the Directive protects intellectual property rights and guarantees their effective enforcement. As the EU legislator only opted for a minimum harmonisation, Article 8 (2) is limited to “narrowly defined” information. If the claim to information were further extended to any information about the distribution channels

for goods or services infringing an intellectual property right mentioned in Section 19 (1) of the Trade Mark Act and Article 8 (1) of the Directive, the information would no longer be “narrowly defined”, especially since it would first have to be clarified what is covered by the “channels of commerce”.

Secondly, there is also no claim to information re the number of clicks. Although the German language version of Article 8 (2) of the Directive only speaks of “the quantity of goods”, Section 19 (3) No. 2 of the Trade Mark Act is to be interpreted against the background of other language versions of Article 8 (2) of the Directive to the effect that in these versions there is a claim to information not only on the quantity of goods but also on the quantity of services. However, the number of clicks is still not covered, as the request for information does not relate to an “unlawfully identified service”, but to an unlawful use of the trade mark in an internet advertisement, which is not covered by the wording of Section 19 (3) No. 2 of the Trade Mark Act. An extension to all “unlawfully identified objects” is precluded by the history of the law.

Thirdly, Section 19 (3) No. 2 of the Trade Mark Act refers to the prices for the unlawfully identified services, but not to the prices for the services used for the infringing activity, Section 19 (2) No. 3 of the Trade Mark Act. Therefore, there is also no claim for information about the prices.

“Layher”

On 22 September 2021, the BGH ruled on the modalities of application of a particular method for damage calculation in infringement matters, the so-called “*Lizenzanalogie*” (licence analogy) in case of an unlawful use of a trade mark in an advertisement, where, however, the trade mark

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was not used in the subsequent sales transaction.

The facts of the case

The plaintiff, a manufacturer of scaffolding and scaffolding systems, is the proprietor of the German word mark “Layher”, registered for scaffolding of all types. The defendant produces and sells a scaffolding system, which is a replica of the plaintiff’s scaffolding system “Layher-Blitz-Gerüst 70 S”. In 2017, the defendant sent out approximately 35,000 letters in which he, in addition to the recipient’s inscription “Layher Blitzgerüst 70 S mixable with P.-scaffolding parts with mixing approval”, clearly emphasised the word “Layher”. The advertising materials were also available on the defendant’s website. The plaintiff demands damages from the defendant. It is undisputed between the parties that the trade mark was infringed by the plaintiff, that the defendant was entitled to damages and that the damages could be calculated on the basis of the turnover (for sales of the scaffolds) of the defendant, using the method of licence analogy.

Damage calculation according to the licence analogy method

According to the licence analogy method, the amount of damages is determined by what reasonable contracting parties would have agreed upon as remuneration for the use of the trade mark provided they would have concluded a licence agreement. For this purpose, the objective value of the presumed right of use is to be determined, which consists of the reasonable and customary licence fee on which objective parties would have agreed.

Relevant aspects to determine a reasonable and customary licence fee include the scope, duration and intensity of the infringement as well as a range of comparable licence fees on the rel-

evant product market. However, an infringer’s surcharge is not permissible.

The decision

In the case at hand, the defendant used the trade mark only in advertising and not for the sale of the scaffolds. However, the BGH decided that whether the trade mark was only used in advertising or also in subsequent sales transactions makes no difference to the question of whether damages can be calculated by way of licence analogy. The BGH assumed that the infringing advertising had a beneficial effect on the sales of the advertised goods. Causality considerations as to which part of the turnover is based on the trade mark infringement (the advertising activities) are not appropriate, since the licence analogy represents a remuneration for the use of the trade mark and not for its economic success. Nevertheless, the fact that a trade mark was used only in advertising but not for the subsequent sales of products may reduce the intensity of trade mark infringement, which can then be taken into account to reduce the licence fee according to the general principles of damage calculation according to the method of licence analogy.

“Spreewälder Gurken II”

On 7 October 2021, the BGH decided on issues regarding the admissibility of an objection and an appeal against a specification amendment of a protected geographical indication.

The facts of the case

Since 1999, “Spreewälder Gurken” has been registered as a protected geographical indication for unprocessed and processed vegetables in the register of protected designations of origin and protected geographical indications kept by the EU Commission. The applicant manages the protected geographical indication. The produc-

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ers of “Spreewälder Gurken”, a type of pickled gherkin, are members of the applicant. In an amendment application, the applicant sought the inclusion of additives to the specification of the designation. This request was objected to by a producer of pickled gherkins located outside the geographical area of protected origin. After the DPMA granted the request of the applicant, the outside producer appealed against this decision.

The law

Pursuant to Section 130 (4), Section 133 sentence 2 in conjunction with Section 132 (1) Trade Mark Act – which implement Article 49 (3) subparagraph 1 and (4) subparagraph 2, Article 53 (2) subparagraph 1 of Regulation (EU) No. 1151/2012 – the opponent must show that its “legitimate interest” is affected by the decision of the DPMA granting the request to amend the specification.

The decision of the Federal Patent Court

The Federal Patent Court denied that there was a legitimate interest of the outside producer, since non-locals were not allowed to use the protected designation anyway and the mere trading of products labelled with a protected geographical indication did not in itself constitute such an interest either.

The decision of the BGH

After referral to the ECJ (Judgment of 15 April 2021 – C-53/20 – Hengstenberg), the BGH ruled that any actual or potential, but not beyond all likelihood, economic concern of a natural or legal person constitutes a “legitimate interest”. Article 49 (3) subparagraph 1 and Article 49 (4) subparagraph 2 in conjunction with Article 53 (2) subparagraph 1 of Regulation (EU) No 1151/2012 require the same interpretation, according to which non-residents may also have a legitimate

interest. It is sufficient for such interest that the opponent is in direct competition with producers whose products bear the protected geographical indication. In such a constellation, an impairment of legitimate interests is not extremely improbable or hypothetical. Any change in the specification that is advantageous for the distribution of the protected products also has a potential negative effect on the economic situation of the opponent as a specific competitor, for example if production becomes cheaper.

“NJW-Orange”

In its decision of 22 July 2021, the BGH changed its case law with regard to the burden of proof for the establishment of a trade mark in the affected trade circles.

The facts of the case

In 2009, the abstract colour mark no. 30 2008 037 660 “Orange”, applied for in 2008, was registered as a trade mark established in the affected trade circles for legal journals. In 2015, the applicant filed an application for cancellation on the grounds that the conditions for the non-distinctive trade mark to be established in the affected trade circles were not met.

The Trade Mark Act

§ 8 Absolute grounds for refusal.

(1) [...]

(2) The following trade marks shall not be registered:

1. which are devoid of any distinctive character for the goods or services;

[...]

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(3) Subsection (2) nos. 1, 2 and 3 shall not apply if, prior to the point in time of the decision on registration, the trade mark has become established in the affected trade circles in consequence of the use made of it with respect to the goods or services for which the application was filed.

Establishment in the affected trade circles

Establishment in the affected trade circles pursuant to Section 8 (3) of the Trade Mark Act is determined by an overall view of the aspects which may show that the trade mark has acquired the capacity to identify the goods in question as originating from a particular company and thus to distinguish these goods from those of other companies.

The decisive factor is the perception of the relevant public, ie, the view of a normally informed and reasonably observant and circumspect average consumer of the category of goods or services in question for which the trade mark has been applied for. The market share, the advertising effort of the company and the duration of use of the trade mark may also be taken into account.

In order for the trade mark to become established in the affected trade circles, a substantial part of the relevant public must recognise the goods or services as originating from a particular company which uses the trade mark.

The decision of the Federal Patent Court

In the case at hand, the Federal Patent Court had stated that the relevant public, which is the specialised legal public, also included the members of the Federal Patent Court themselves. They were aware that the trade mark proprietor had been using the orange-coloured magazine cover for decades. The colour is also used strikingly in advertising and on the website. Nevertheless, doubts remained as to whether the trade mark had actually become established in the relevant trade circles pursuant to Section 8 (3) of the Trade Mark Act, both in 2008 and at the time of the court's decision. In this regard, the Federal Patent Court decided that any remaining doubts were to the detriment of the applicant. The applicant had to prove that a ground for refusal existed at the time of filing. This ruling to the detriment of the applicant in cases of doubt corresponded to the settled case law of the BGH.

The decision of the BGH

Nevertheless, in the appellate instance, the BGH abandoned its previous case law, taking into account the case law of the ECJ (in particular the judgment of 19 June 2014 – C-217/13 – Oberbank et al). Thereafter, it is generally incumbent on the owner of the disputed trade mark to prove genuine use of this trade mark, as he or she is the most competent to do so. The proof of the establishment in the affected trade circles is an exception to the principles on the grounds for refusal of a trade mark application in the absence of distinctive character. Consequentially, the owner or applicant bears the burden of proof for such exceptional circumstances. Any remaining doubts are to his or her detriment.

GERMANY TRENDS AND DEVELOPMENTS

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SZA Schilling, Zutt & Anschütz

SZA Schilling, Zutt & Anschütz has been one of the most reputable German corporate law firms for almost a century. With more than 100 attorneys, it advises domestic and international clients on nearly all areas of corporate and commercial law. The IP/IT department of SZA is located in Mannheim and Frankfurt and currently practises with nine attorneys in all areas of IP and IT, as well as data protection law. With the establishment of its China Desk, SZA provides consultation for Chinese companies regarding

investments and business activities in Europe in all fields pertaining to commercial law, especially in relation to the protection of intellectual property, including the registration, defence, judicial and out-of-court enforcement of brands, patents and know-how. Further, in mutual cooperation with leading local law firms, SZA also provides consultation in the field of industrial property rights for European companies regarding their business in China.

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

In India, trade marks are primarily governed under the Trade Marks Act 1999 and the Trade Marks Rules 2017, forming a comprehensive regulatory regime coupled with common law provisions.

In addition to the statute, official guidelines issued by the Office of the Controller General of Patents, Designs and Trade Marks (CGP-DTM), such as the Trade Marks Manual, court precedents and decisions of the Trade Marks Office (TMO) govern several aspects of trade mark law in the country. Further, the decisions of High Courts are binding on lower courts in their respective jurisdictions and they form an important source of trade mark law.

There are also ancillary laws which impact trade marks, for instance: the Copyright Act 1957, the Companies Act 2013 and, in limited cases, the Designs Act 2000.

Further, there are certain government guidelines or acts – such as the Ministry of Ayurveda, Yoga, Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy (AYUSH), and the Emblems and Names (Prevention of Improper Use) Act 1950 – which impact trade marks law in the country.

Treaties and Conventions

India is a signatory to the Paris Convention on Industrial Property, the WIPO Madrid Agreement Concerning the International Registration of Marks 1891 (Madrid Agreement), the WIPO Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks 1989 (Madrid Protocol) and the Nairobi Treaty.

India further abides by the Nice Agreement on the International Classification of Goods and Services, and to the Vienna Classification, established by the Vienna Agreement.

1.2 Types of Trade Marks

A “trade mark”, as defined by the Trade Marks Act 1999, is a mark capable of being graphically depicted and capable of differentiating one person’s goods or services from those of others, and may include the shape of goods or their packaging, as well as colour combinations. This definition of trade mark is inclusive and evolving.

The following are examples of trade marks that can be registered in India:

- any name (including the applicant’s or predecessor’s in business personal name or surname, or the person’s signature), which is not unusual for trade to use as a mark;
- letters or numerals, or any combination thereof;
- an invented word or any arbitrary dictionary word(s), which are not directly descriptive of the character or quality of the goods/services;
- devices, including fancy devices or symbols;
- slogans, domain names and monograms;
- combinations of colours or even a single colour in combination with a word or device;
- the shape of goods or their packaging;
- marks constituting a three-dimensional sign;
- sound marks when represented in conventional notation or described in words by being graphically represented;
- certification and collective trade marks; and
- service marks or trade dress.

As a first-to-use country, unregistered trade marks with prior usage can be protected under common law in India. The passing off of trade marks is a tort actionable under common law

and is mainly used to protect the good will associated with a mark.

1.3 Statutory Marks

The Indian trade mark statute provides special protection to certain marks; for instance, the Olympic Symbol, the Olympic motto, and the phrases Olympic(s), Olympian(s), and Olympiad(s) are not to be registered as trade marks in India without prior permission from the Olympic Committee.

On the basis of international, national and cross-border repute, the TMO recognises well-known trade marks in India. Trade marks that are “well known” are given greater protection under the law, which protects them from infringement and passing off in all the classes.

There are certain trade marks governed by charters, such as the one developed by the Scotch Whisky Association (SWA) and its members which protects the SWA trade mark.

Similarly, a mark is prohibited for registration as a trade mark under the following conditions:

- If it comprises any matter that is likely to offend the religious sensibilities of any class or segment of Indian residents.
- If it “comprises or contains scandalous or obscene matter”.
- If its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act 1950 (12 of 1950).
- The registration of a word as a trade mark which is the commonly used and accepted name of any single chemical element or compound in respect of chemical substances or preparation is prohibited. Also, the law prohibits registration of a word which is declared by the World Health Organization and notified

by the Registrar as an international non-proprietary name, or which is deceptively similar to such name.

- If an international non-proprietary name is erroneously accepted for registration in respect of pharmaceutical preparations, or if a prohibited or non-registrable trade mark is erroneously accepted for registration, the necessity to revoke/withdraw the acceptance of the application may arise.

1.4 Well-Known Foreign Marks

Beyond jurisdictional protection of trade marks, Indian courts have taken into consideration factors such as transborder reputation and good will in protecting a trade mark that is used or registered in foreign countries, its reputation in foreign jurisdictions, and knowledge and information of the same within the public at large in India due to spill-over of its reputation through travel, the internet, advertisement or any other means.

Indian courts have consistently objected to the unlawful gain or profit from the reputation built by third parties around the world. Further, Indian courts have also objected to passing off of unregistered trade marks, including foreign trade marks.

In *Renaissance Hotel Holdings Inc v B Vijaya Sai & Ors.*, a landmark judgment obtained by Anand and Anand in 2022, the Supreme Court of India held that use of an identical registered trade mark must be restrained through an injunction, regardless of any further investigation required to establish the mark’s reputation in India, the likelihood of confusion, or the infringer’s honesty of adoption.

The Supreme Court emphasised the importance of honouring the Indian Parliament’s intent in

passing the Act, which is to promote globalisation, stimulate foreign investment, harmonise trade mark systems, and prevent trade mark misuse.

Similarly, in the case of Alfred Dunhill Ltd v Kartar Singh Makkar, it was found that because the trade name Dunhill had established reputation in the international market, the plaintiff had the right to safeguard that reputation, regardless of whether it was present in the particular jurisdiction.

1.5 Term of Protection

The registration of a trade mark is valid for a period of ten years and renewable every ten years, in accordance with the provisions of the Trade Marks Act and Trade Mark Rules.

1.6 Exhaustion of Trade Mark Rights

In India, parallel importation is intricately linked to the principle of exhaustion of rights under the Trade Marks Act 1999.

Only if the parallel imported products are materially different from those sold directly can a trade mark owner file suit, including for passing off, falsification and infringement.

1.7 Symbols to Denote Trade Marks

Predominantly, there are three kinds of trade mark symbols:

- the unregistered trade mark, represented by the letters TM;
- the service trade mark, represented by the letters SM, which is typically used by service sector brands; and
- the registered trade mark, represented by the symbol ®.

The TM and SM symbols can be used with a mark by anyone who is claiming rights to that mark, regardless of having an actual trade mark registration in place.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A registered trade mark can be assigned or transmitted with or without good will in respect of all or some of the goods or services for which it was registered. Such an assignment must be recorded in the Trade Marks Register in the case of a registered trade mark.

2.2 Licensing Requirements or Restrictions

A licence does not have to be registered with the Trade Marks Registry. However, it is advisable to do so since registering the licence gives the licensee statutory rights of action in the event of violation. There are two types of licences: exclusive and non-exclusive.

Quality control monitoring, trade mark usage, grant, indemnity and termination are clauses that must be included in a licence agreement to ensure that the licensor maintains quality control.

2.3 Registration or Recording of the Assignment

Any person who acquires rights to a registered trade mark by assignment or transmission should apply for registration of the assignment/transmission in the manner stipulated by the Act and Rules.

Furthermore, registering a licence with the Trade Marks Registry is optional.

2.4 Other Requirements for Licences or Assignments to be Valid

The Trade Marks law states that if the validity of an assignment is disputed, the TMO has the authority to refuse to register the assignment until the parties' rights are established by a competent court.

The assignment or transmission where multiple exclusive rights would be created in more than one person is restricted, as is the separation of rights on a territorial basis and the creation of rights in various individuals in different parts of India. The TMO, on the other hand, has the authority to allow assignment if it is considered to be in the public interest.

Where there is an assignment without good will of business, it will not take effect unless the assignor obtains directions from the TMO and advertises the assignment as per those directions. Furthermore, certification trade marks can only be assigned subject to consent of the TMO.

Before recording an assignment that involves the transmission of money outside of India, the consent of an authority specified in any law for the transmission of money overseas must be produced.

2.5 Assigning or Licensing Applications

The Trade Marks Act of 1999 made a significant change by allowing an unregistered trade mark to be assigned or conveyed with or without the business's good will.

2.6 Trade Marks as Security

The Trade Marks Act 1999 does not need the filing of a document that creates trade mark security. A procedure or precise form for documenting a security interest, such as a mortgage, is not specified under the Act. However, if necessary,

a document with a simple cover letter can be filed with the TMO for evidentiary purposes. If the owner of the trade mark under the security or charge changes, the change must be registered with the TMO. If no trade mark application has been filed or no trade mark registration has been secured in India, no papers are required.

It is usually a better practice to submit the paperwork with the Registrar of Companies as part of board resolutions authorising the creation of security or vested interests. In fact, there have been many cases in India where banks have afforded advance money on the basis of the creation of security interest in a trade mark.

3. Registration

3.1 Trade Mark Registration

In India, ownership of a trade mark is determined based on the first-to-use principle, and passing-off of any mark can be asserted regardless of registration status.

Provided a mark lacks distinctiveness, it can nevertheless be registered under Section 9 of the Trade Marks Act if it has acquired distinctiveness and/or a secondary meaning through usage.

3.2 Trade Mark Register

In India, the CGPDTM controls the trade mark registrations and the registered trade marks.

On its [website](#), the Trade Marks Registry offers a free online trade mark search. All trade mark applications submitted to the TMO in India, including all registered, applied, challenged and expired trade marks are included in the database.

Although it is not required, conducting a trade mark search before applying to register a trade mark is advisable. Accessing the online trade marks database, as well as Registrar of Company records, domain searches and a basic internet search, can be used to do trade mark searches in India for word marks and device marks.

3.3 Term of Registration

In accordance with the provisions of the Trade Marks Act and Trade Mark Rules, the registration of a trade mark is valid for a period of ten years and renewable every ten years.

A trade mark registration renewal application can be filed at any time during the six months prior to the registration's expiration or last renewal validity. It is also possible to renew after the validity period has expired and within six months after the expiration date.

It is further possible to restore a trade mark after six months but before one year from the validity date of the registration.

3.4 Updating or Refreshing Registrations

At the outset, a trade mark as a whole cannot be changed; any change will need to be covered under a completely new trade mark application. Furthermore, the trade mark's list of goods and services can be limited, but it cannot be extended.

Updating a trade mark application is only permitted if the business's name or address changes, or if there is a change in the brand's use or ownership, which occurs frequently in the case of a collective trade mark.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Any natural person, legal person or other organisation that claims to be the owner of a trade mark can apply for trade mark registration.

According to the definition of a "trade mark", a mark is registrable if it is capable of being represented graphically and of distinguishing the goods or services of one party from those of another. This can include the shape of the product, its packaging, and a colour or colour combination. If the mark is in the form of a label or device, at least one clear print of the mark would be required.

An exclusive number and a date are assigned to a trade mark application after it is submitted. It is taken in turn and analysed based on the priority of filing. The examination process includes assessing inherent registrability, acquired distinctiveness and prior rights. If no objections are raised, the trade mark is published in the Trade Marks Journal in order to invite public opposition. The registration certificate is issued if no objections are received within four months of the publication.

The following information and documentation must be submitted in a trade mark registration application:

- the applicant's name and address;
- the state or country of incorporation;
- a description of the trade mark;
- a representation of the trade mark;
- a list of the relevant goods or services;
- the power of attorney;

- the dates of first use – if use is claimed, an affidavit of use and documentary evidence must be filed electronically;
- a statement of intention to use;
- the official filing fee;
- a priority claim and documents, where priority of an earlier application is claimed; and
- if the applicant is not domiciled in this jurisdiction, a local service address must be provided.

An agent filing to register a mark on behalf of the owner requires a simple executed power of attorney stamped under the Stamp Act 1899. Multi-class trade mark applications are allowed in India.

4.2 Use in Commerce Prior to Registration

A trade mark can be registered on a “proposed-to-be-used” basis.

There is no requirement for the mark to have been used in India to make it eligible for registration in India. If, however, use of the trade mark is not commenced for a period of five years, it can be a ground for removal of the trade mark from the Trade Marks Register.

4.3 Series Mark Registrations

Where a person claiming to be the owner of several trade marks in respect of like goods/services – which, while substantially resembling with each other in the material particulars thereof, yet differ in respect of matter of a non-distinctive character which does not substantially affect the identity of the trade mark – seeks to register those trade marks, they may be registered as a series in one registration.

4.4 Consideration of Prior Rights in Registration

A trade mark can be denied registration under Section 11(1) of the Trade Marks Act 1999 if there is a likelihood of public confusion with an earlier trade mark, including the likelihood of association with the earlier trade mark, and if any of the following relative grounds (based on prior rights) apply:

- the mark is identical to or comparable to an earlier trade mark in the same or similar goods or services sector; or
- the mark is similar to an earlier trade mark in the same or similar goods or services sector.

However, one way to overcome such objections on prior similar marks in the register is by obtaining consent from the proprietor of the cited mark(s).

4.5 Consideration of Third-Party Rights in Registration

Third parties are not allowed to file observations during the registration process, but they can file oppositions once the mark is published in the Trade Marks Journal, within a period of four months. This opposition proceeding can only be filed before the TMO and cannot be taken to the court directly. If the opposition is successful, the registration of the trade mark will be refused.

A notice of opposition to the registration of a trade mark may be filed by “any person” regardless of any commercial or personal interest in the matter or a prior registered trade mark owner, on absolute or relative grounds. The question of bona fides of the opponent does not arise.

4.6 Revocation, Change, Amendment or Correction of an Application

A correction of any errors in the application or any amendment to the application is permitted by the Trade Marks Act 1999 and Trade Mark Rules 2002. However, no request for correction/amendment shall be allowed which seeks substantial alteration in the application for registration of a trade mark.

4.7 Dividing a Trade Mark Application

The Trade Marks Act 1999 facilitates the provision of filing a division application to the applicant.

This request to divide the trade mark application can be made by the applicant by filing form TM-53, following which each divided application is treated as separate application, with the same filing date. A separate new serial number is allotted to the divided application and they are linked by cross-reference with the initial application.

4.8 Incorrect Information in an Application

The Trade Marks Act 1999 enumerates numerous offences in relation to falsifying and falsely applying a trade mark, making or possessing instruments for falsifying trade marks, applying false trade descriptions and so on. The punishments for these offences vary, but the maximum punishment can be as severe as imprisonment for up to three years, with or without a fine.

4.9 Refusal of Registration

The Trade Marks Office can object/refuse an application on either absolute or relative grounds.

Absolute grounds that disqualify a mark from being registered (according to Section 9, Trade Marks Act) include:

- the mark is not distinctive;
- the mark is descriptive of associated goods and services;
- use of the mark has become customary and is bona fide use in established practices;
- the mark is deceptive and will cause confusion;
- use of the mark can offend the religious views of persons in India;
- the mark contains obscene or scandalous elements; and
- the shape of a mark is a result of the nature of the goods themselves or is required for functional use.

Relative grounds for refusal of registration (according to Section 11, Trade Marks Act) include:

- deceptive similarity of the mark in question with the opponent's registered mark;
- similarity of the mark in question with a mark which has prior use; and
- adoption of the mark in bad faith.

In order to overcome Trade Mark Office objections raised under Section 9(1), the applicant may submit that the mark has acquired a distinctive character by virtue of its prior use. The use of a trade mark must be established by adequate evidence.

Objections raised under Section 11 can be overcome by the applicant by:

- removing the conflicting goods/services by way of amendment;
- obtaining consent from the proprietor of the cited mark(s) under Section 11(4);
- filing evidence to establish honest concurrent use to secure registration under Section 12;

- securing rectification of register excluding such goods/service of the same description from the specification of the cited mark, under Section 57; or
- dividing the application and allowing the objections-free part of the application to proceed further.

4.10 Remedies Against the Trade Mark Office

The appeals from the Registrar's orders will have to be filed before the respective High Courts where the Registrar's office is situated – ie, at Mumbai, Delhi, Ahmedabad, Kolkata or Chennai.

4.11 The Madrid System

India is a signatory to the WIPO Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks 1989 ("Madrid Protocol").

The applicant must be an Indian national, domiciled in India, or have a real and effective business or commercial establishment in India in order to obtain an international trade mark registration in India.

Furthermore, the applicant must have an application for a national (Indian) trade mark or a trade mark registration with the Indian TMO. The international application will be based on this national trade mark application/registration.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The opposition window remains open for a period of four months from the date of advertisement of trade mark application in the *Trade Marks Jour-*

nal. This time period cannot be extended under any circumstance.

5.2 Legal Grounds for Filing an Opposition

There are no specified grounds of opposition under the statutory law, but an opposition is broadly based on absolute or relative grounds as stated under the Trade Marks Act 1999.

Besides this, an opponent could also raise objection with regard to the proprietorship of the trade mark opposed, prohibitions contained in Section 13, absence of consent in writing in Section 14, et al.

5.3 Ability to File an Opposition

Any person may give a notice of opposition to the registration of a trade mark, regardless of the opponent having any commercial or personal interest in the matter or a being a prior registered trade mark owner. The question of bona fides of the opponent does not arise.

The official government fee to file an opposition against any advertised mark is INR2,500. The opponent can file the notice of opposition with the help of an agent whose fee would vary on a case-to-case basis. The fee of a professional ranges between INR60,000 and INR80,000 (approximately).

5.4 Opposition Procedure

Once a notice of opposition is filed, the procedure is as follows:

- the TMO will serve a copy of the notice to oppose to the applicant within three months of receiving the notice to oppose;
- following the service of the notice of opposition, the applicant is given two months to file

- a counterstatement outlining its position in order to overcome the grounds of opposition;
- the applicant's trade mark is deemed abandoned for non-prosecution if it fails to file a counterstatement within two months of receiving the opposition;
- alternatively, post-filing of the counterstatement, the opposition will proceed to the evidence stage; and
- upon completion of the evidence stage, a hearing notice date is generated and, after hearing the parties and considering the evidence, the TMO gives its verdict on whether the trade mark is accepted for registration or refused.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

If the parties are not satisfied with the TMO's decision in opposition proceedings, then the decision can be challenged by either of the parties by filing an appeal before an appropriate court.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

There is no statutory limitation or time period within which a revocation/cancellation action must be filed.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

A revocation/cancellation of a trade mark can broadly be filed under the following circumstances:

- non-use – under Section 47, a trade mark which is not used within five years three

- months of its registration becomes liable for removal, either completely or in respect of those goods or services for which the mark has not been in use; or
- contravention of provisions – under Section 57, revocation/cancellation can be commenced against a trade mark on the ground of any contravention or failure to observe the conditions entered on the register, or by absence or omission from the register of any entry or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register.

6.3 Ability to File a Revocation/Cancellation Proceeding

Any aggrieved person may make an application before the TMO or appropriate civil court for removal of a registered trade mark or for cancelling the registration of the trade mark and for rectification of the register, as such.

Person aggrieved are generally persons who are in some way or another substantially interested in having the mark removed from the register, or persons who would be substantially damaged if the mark remained of the register, perhaps as it would affect their own rights in a trade mark or any like reason. Hence, in a cancellation/revocation petition, the person aggrieved needs to file a statement of case establishing the reason behind the petition.

6.4 Revocation/Cancellation Procedure

An application for cancellation/rectification of a registered trade mark can be filed before the TMO or the appropriate civil court in the prescribed manner and with the requisite fee.

6.5 Partial Revocation/Cancellation

A partial revocation/cancellation of a trade mark application is also possible in certain cases. For instance, if the registration of a trade mark covered a wide specification of goods and it is found that the trade mark has been actually used only in relation to some of those goods, it is open to the TMO to require the specification of goods or services for which the trade mark was registered to be rewritten in order to achieve the required degree of rectification.

6.6 Amendment in Revocation/Cancellation Proceedings

There is no explicit provision for amendment given in revocation/cancellation proceedings. However, in case of a partial revocation/cancellation petition – as explained in **6.5 Partial Revocation/Cancellation** – amendment to limit the specification could be directed.

6.7 Combining Revocation/Cancellation and Infringement

Under Section 124 of the Trade Marks Act, the defendant in an infringement suit can seek a stay of the infringement proceedings. For this, the defendant must contest the registration of the mark that is the subject of infringement proceedings in order to obtain a stay.

6.8 Measures to Address Fraudulent Marks

If any trade mark is registered without any sufficient cause (ie, if registration was obtained by fraud or misrepresentation of facts or the mark registered was similar to an already registered trade mark), then cancellation proceedings can be initiated for the impugned mark under Section 57 of the Trade Marks Act 1999.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The Limitation Act 1963 sets out the statute of limitations for filing infringement actions.

In most civil cases, the statute of limitations runs for three years from the date of the first breach of rights. An infringement proceeding, on the other hand, necessitates the use of a deceptively similar mark by the defendant. Because each instance of usage of such a mark gives rise to a new cause of action, the three-year limit does not apply in such cases (*Timken Company v Timken Services Private Ltd*, 2004 (28) PTC 121 SC).

7.2 Legal Grounds for Filing Infringement Lawsuits

Based on the level of infringement, various strategies could be devised on a case-by-case basis, which could include obtaining and executing legal proceedings, serving the opposite party with cease-and-desist notices, and/or initiating pre-litigation mediation proceedings.

The trade mark owner can pursue infringement actions or passing off in the competent court for civil relief such as:

- an interlocutory, temporary or ad interim injunction;
- a permanent or perpetual injunction;
- a Mareva injunction;
- an Anton Piller order;
- a John Doe order;
- damages or accounts of profits; and
- delivery up and destruction.

Criminal and administrative reliefs are also available under the Act.

Section 29 of the Trade Marks Act provides an exhaustive list of situations in which a registered mark can be infringed. Similarly, unregistered trade marks are protected as part of India's common law regime. An action for passing off can always be instituted against the misuse of an unregistered trade mark.

Section 27 of the Trade Marks Act specifically reinforces this common law remedy by stating that the right to invoke a claim for passing off remains undisturbed by the statute.

7.3 Parties to an Action for Infringement

A trade mark infringement action can be initiated by either the registered proprietor or the registered user of the trade mark.

Primarily, the registered proprietor of a trade mark has the supreme right to institute lawsuits for infringement against third parties in its name.

Further, an entity recognised as having the right to file infringement lawsuits is a registered user of a trade mark. A registered user can file a lawsuit in its own name, subject to an agreement with the registered proprietor.

A registered user's status must be documented by the filing of a joint application by the user and the proprietor (Section 49, Trade Marks Act).

The exclusive or non-exclusive licensee's status as a registered proprietor will not be recognised if they do not register with the TMO.

7.4 Representative or Collective Actions

India's legal system permits representative/class actions. If the parties with the same cause of action are numerous, such parties may recommend a representative or representatives to participate in the action.

A registered trade mark holder can institute a lawsuit and claim a joint cause of action, which includes a claim for infringement, as well as passing off/unfair competition.

There is also a new procedure in India, wherein, if a trade mark is pledged or there are National Company Law Appellate Tribunal (NCLAT)/bankruptcy proceedings going on against a proprietor, then a consortium of lenders can take action.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

While there are no mandatory requirements before initiating a lawsuit, issuing a demand letter/cease and desist notice to a suspected infringer might end the infringement without resorting to litigation, thus accelerating the process.

Before taking action, it is also a good idea to perform necessary investigations.

Section 142 of the Trade Marks Act, on the other hand, protects a person from unjustified and groundless threats of infringement by allowing courts to declare that the claims (threats) of infringement and breach of rights are unjustified and groundless.

7.6 Initial Pleading Standards

The Indian legal system does not employ a jury system. Judges adjudicate all issues, from the issuance of ex parte orders to the ultimate decision.

In general, the stages of a trade mark infringement proceeding are the same as those of any civil commercial litigation:

- ex parte orders and filing/service of summons to the opposite parties;

- both parties must file pleadings (written statement, replication, responses to applications, etc);
- interim application arguments (including application seeking injunction);
- the framing of issues that parties must prove during trial;
- trial; and
- the closing arguments.

At the court of first instance, a single judge oversees all phases. However, in order to alleviate the load on judges and clear the backlog of ongoing cases, the court might appoint commissioners (who are usually former judges) who can help ensure a smooth trial.

7.7 Lawsuit Procedure

In India, lawsuits for infringement and passing off, among other claims, can be filed before District Courts and cannot be heard in any court lower than a District Court.

Further, a suit relating to trade mark dispute can also be brought before a High Court having original jurisdiction (ie, the High Courts of Delhi, Bombay, Madras and Calcutta).

Legal practitioners (registered under the Central Advocates Act 1961) or registered trade mark agents can represent parties. Parties can also present their cases in person (Section 145, Trade Marks Act).

7.8 Effect of Trade Mark Office Decisions

The development of trade mark law in India is heavily inspired by judicial pronouncements. High Court decisions (with appellate and writ jurisdiction) bind lower courts in their respective jurisdictions and are an important source of trade mark law. Decisions of the TMO also have a major role to play.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

Section 142 of the Trade Marks Act protects a person against groundless threats of infringement by enabling courts to declare that the claims (threats) of infringement and violation of rights are unjustified and groundless.

7.10 Counterfeiting

As with other trade mark policies, the enforcement of trade mark counterfeiting laws serves to safeguard potential consumers. The Customs Act of 1962, read with the Intellectual Property Rights (Imported Goods) Enforcement Rules of 2007, makes it illegal to import goods that infringe on intellectual property rights.

Because counterfeit goods are intrinsically prohibited under the Customs Act, customs have the authority to halt the clearance of goods on their own initiative, as well as where there are prima facie evident or reasonable grounds to believe that the import of specific goods may infringe on intellectual property rights.

Trade mark counterfeiting is not defined or addressed in the Trade Marks Act of 1999. However, Section 102 of the Act, which deals with “falsifying and falsely applying trade marks”, covers such counterfeiting.

In addition to trade mark infringement and passing off activities, a trade mark owner may seek criminal action against trade mark counterfeiting (civil actions). Sections 103 and 104 of the Trade Marks Act of 1999 make it illegal to use and sell goods and services under false trade marks. The sentence might range from six months to three years in prison, with a fine of not less than INR50,000 but not more than INR200,000.

Further, even a quia timet action can be taken against counterfeits to restrain them in case of an anticipated risk.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

In a landmark decision, with effect from April 2021, the country abolished the Intellectual Property Appellate Board (IPAB) and transferred jurisdiction of adjudicating appeals to the High Courts. Subsequently, the Delhi High Court formed a dedicated IP Division to formalise and hear IP matters that had been pending before the IPAB.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

The owner of a descriptive mark must be able to demonstrate that, while the word in question is descriptive in the genuine sense, it has come to be exclusively associated with the brand/proprietor. This is simply because courts have established a line in the sand about when a descriptive phrase actually acquires distinctiveness.

For instance, the Delhi High Court – in *Peps Industries Private Limited v Kurlon Limited MANU/DE/0832/2020* – held that the mark NO-TURN in relation to mattresses is descriptive, and the defendant is rightly using the same in a “non-trade mark” sense. Based on such observations, the Court refused to restrain the defendant from using the NO-TURN mark.

8.3 Factors in Determining Infringement

The Trade Marks Act, Section 29, gives a comprehensive list of scenarios in which a trade mark can be violated. One of the essential require-

ments of infringement is that the infringing mark is used in the course of business by a third party.

Further tests for infringement include the following:

- use of an identical or deceptively similar mark on goods or services which are the same as those covered by the scope of the former trade mark’s registration;
- use of an identical or similar mark on goods and services that are identical or similar to the goods/services associated with the registered trade mark, in a way that is likely to confuse the public into thinking that the original mark and the offending mark are associated with one another;
- use of a mark, even in relation to goods or services which are not covered in the scope of the registration, provided that the registered trade mark has a reputation in India – the reputation must also be such that misuse by the third party denigrates the distinctiveness of the mark; and
- use of mark, or a part of the mark, as part of the corporate name/trading name of an entity.

8.4 Elements of Other Trade Mark Claims

The following can all be grounds for a trade mark case:

- actual infringing use of the mark, including use on business paper or packaging material;
- likelihood of passing off;
- threat of use or passing off;
- advertising, including online advertising through an interactive website;
- import or export of infringing goods;
- infringement by use in a company or firm name; or
- adoption of infringing domain name, key words, meta tags.

8.5 Effect of Registration

A trade mark registration establishes a legal presumption of the registrant's ownership of the mark and the registrant's exclusive right to use the mark nationwide on or in connection with the goods and/or services listed in the registration.

8.6 Defences Against Infringement

Defences available against infringement claims include the following:

- delay and laches;
- acquiescence;
- honest and good-faith adoption and use;
- differences in goods and services;
- the nature of the product;
- pricing; and
- the absence of confusion or deception.

Acquiescence may be considered a form of delay although it has a more active element of knowledge of third-party rights coupled with delay.

8.7 Obtaining Information and Evidence

In accordance with the Commercial Courts Act 2015, trade mark litigation is governed by the same rules that apply to commercial disputes.

At the time of filing the suit, all essential documents must be filed with the claim (Order XI, rule 1, Code of Civil Procedure 1908 (Civil Procedure Code)). Within 30 days of the suit's filing, additional documents may be filed. Unless the court expressly permits it, documents that are not filed at this stage cannot be relied upon at a later level (Order XI, rule 4, Civil Procedure Code).

In a civil suit for infringement, a plaintiff can seek to obtain information, documentation, and other material from the adversary.

A party may request (Code of Civil Procedure, Order XI, rules 2,3 and 5):

- interrogatories – litigants can issue interrogatories to third parties with the court's authorisation;
- inspection – parties have the right to examine any documentation evidence used in the case, and if this is refused then the denying party may lose the right to rely on the document in question; and
- document production – any party can demand that a party produce document(s) that are relevant to any issue in the suit, and if certain documents are not produced then the court may draw a negative inference.

8.8 Role of Experts and/or Surveys

There is no statutory regulation or administration of survey evidence. To support their positions on consumer confusion, secondary significance, etc, the parties have relied on survey evidence.

The judge may appoint *amicus curiae* technical experts or scientific advisers. Such specialists, on the other hand, serve simply as consultants or expert witnesses and are not members of a judging panel.

Survey evidence should not be relied upon unless interviewees are cross-examined (PP Hamsa v Syed Agencies (1990 (2) KLJ 555)).

Survey evidence assists the court, particularly during preliminary/interlocutory injunction proceedings (Ayushakti Ayurved Pvt Ltd v Hindustan Lever Ltd 2004 (28) PTC 59 Bom).

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Criminal Remedies

The Trade Marks Act 1999 criminalises certain actions that violate rights in a trade mark and provides for stringent remedies against such offences, for example:

- fabricating and falsely applying a trade mark;
- manufacturing or having instruments for falsifying trade marks;
- applying a fake trade description; and
- applying a false indication of country of origin.

Trade mark infringement is a non-bailable offence and it is punishable with imprisonment of at least six months, extendable to three years; it can also be imposed with a fine of up to INR200,000.

Administrative Remedies

Opposition to a similar mark, rectification of a registered mark, and recordal with Customs to prevent the import or export of products carrying the infringed trade mark are among the administrative remedies available.

8.10 Costs of Litigating Infringement Actions

Investigation fees, attorneys' fees and expenditures, notarisation fees, translation fees and court fees are all examples of usual costs.

After a first instance decision, litigation costs, including attorneys' fees, are recoverable. However, there is no guarantee that a party against whom an injunction is obtained will have to bear the expenses of litigation. The court has complete discretion over whether or not to award expenses.

9. Remedies

9.1 Injunctive Remedies

Civil remedies can be pursued by bringing a complaint in a competent court for infringement or passing off. There are several types of civil remedy available, such as:

- a Mareva injunction;
- an Anton Piller order;
- a John Doe order;
- a permanent or perpetual injunction;
- damages or accounts of profits; and
- delivery up and destruction.

Preliminary or temporary relief is available and is frequently requested in trade mark infringement lawsuits.

The Code of Civil Procedure (1908) (Order 39, rules 1 and 2) makes it easier to file an application for an injunction prohibiting a defendant from using a mark that infringes on a claimant's rights, for example. A claimant must show:

- a prima facie case;
- irreparable harm and injury to its activities in order to obtain a preliminary or temporary injunction (good will, market share, etc) – the injury must be severe enough that monetary compensation from the defendants would not be enough to compensate the victim;
- the balance of convenience dictates that issuing an injunction is more equitable than refusing to do so.

Defences

The following are defences available to infringers:

- delay and laches;

- acquiescence;
- honest and good-faith adoption and use;
- distinctions in products and services;
- the nature of the product;
- pricing; and
- the absence of confusion or deception.

Acquiescence may be considered a form of delay although it has a more active element of knowledge of third-party rights coupled with delay.

9.2 Monetary Remedies

Various factors are used to evaluate and provide monetary remedies. In general, damages are granted in trade mark litigation in one of three ways, as detailed below.

- Actual/compensatory damages are based on the actual loss suffered/actual profits gained as a result of the infringement and must be proven by the claimant.
- Punitive damages, as defined under the Act, are issued in the form of fines. Where the court decides that the amount of compensatory damages awarded is not appropriate to the magnitude of the defendant's actions, punitive damages are issued. In such cases, the court awards damages in addition to compensatory damages that have previously been calculated.
- Token/minor damages are awarded in the event that a dispute is resolved quickly.

9.3 Impoundment or Destruction of Infringing Articles

In cases of impoundment or destruction of infringing products, the infringer is directed to deliver the infringing material to the claimant or destroy it in the presence of a local commissioner (appointed by the court) or by the claimant themselves.

In fact, Indian courts routinely pass Anton Pillar orders, which are aimed at seizing infringing product at the defendant's premises.

9.4 Attorneys' Fees and Costs

Court expenses, length of arguments, duration of trial, use of senior lawyers, and other factors all affect costs.

After a first instance decision, litigation costs, including attorneys' fees, are recoverable. However, there is no guarantee that a party against whom an injunction is obtained will have to bear the expenses of litigation. The court has complete discretion over whether or not to award/impose costs of the proceedings.

Courts sometimes require parties to give an estimate of costs they intend to incur throughout trial and subsequent phases of the case, since costs play such an important role in defining the parties' strategy to litigation. This also makes determining the amount of fees to be paid easy for the court.

9.5 Ex Parte Relief

Even if a defendant has not been given prior notice of the suit or the claimant's grievance, a temporary ex parte injunction can be granted (Section 135(2) of the Trade Marks Act).

Claimants obtain ex parte injunctions only in exceptional situations and not as a matter of right. The court must be convinced that the claimant's interests will be severely harmed if the request is denied. The behaviour of a claimant, on the other hand, is a key aspect in assessing whether or not an injunction can be granted. Temporary injunctions are likely to be denied if the claimant takes too long to allege a violation of its rights.

9.6 Rights and Remedies for the Prevailing Defendant

Generally speaking, if a defendant prevails in the trade mark infringement case, the court will declare that the defendant does not constitute trade mark infringement. If the defendant would like to request for compensation from the plaintiff, the defendant shall file a counterclaim or initiate new litigation for compensation.

A prevailing defendant can avail themselves of reimbursement of court proceedings at the court's discretion. A counterclaim for harassment or defamation for loss of good can also be initiated, subject to the facts of each individual case.

9.7 Customs Seizures of Counterfeits or Criminal Imports

Customs officers can enforce IP rights over imported goods under the IP Rights (Imported Goods) Enforcement Rules 2007. The Rules provide a step-by-step process for right-holders to register their IP with customs officials. This registration imposes an administrative duty on Customs to protect the right-holders against violation of their IP rights.

Rights-holders can also seek remedies aimed at preventing unlawful product imports and exports. The Customs Act 1962 recognises the government's authority to prohibit the import and/or export of products in order to preserve rights protected by the Trade Marks Act.

In accordance with the TRIPS Agreement, India has also established the Intellectual Property Rights (Imported Goods) Enforcement Rules 2007, which authorise customs officers to enforce IP rights over imported goods.

9.8 Different Remedies for Different Types of Trade Marks

Remedies range from civil to criminal and administrative.

10. Resolving Litigations

10.1 Options for Settlement

In 2016, the Trade Marks Office's CGPDTM launched a pilot programme to deal with oppositions and rectification processes, with the goal of settling existing issues through mediation/conciliation.

A referral to the TMO can be made, which would then assign the matter to the relevant authority for mediation. Broadly speaking, mediation can be employed in the following situations:

- disputes over the licensing of IP rights;
- disputes over infringement of IP rights;
- prosecutions for trade mark opposition and invalidation; and
- disputes over trade mark ownership.

10.2 Prevalence of ADR

Although most matters involving intellectual property rights are addressed through court action, alternative dispute resolution mechanism is also becoming an effective and appropriate method of settling IP disputes.

Mediation has become a popular alternative since it gives both parties' interests equal weight and gives them control over the settlement process. Other benefits include confidentiality and a faster resolution without jeopardising either party's reputation.

The Delhi High Court Mediation Centre has been proactive in resolving disputes through media-

tion. An example of settlement through ADR was witnessed in the case of *Bawa Masala v Baba Masala Co.Pvt Ltd*, where disputes were resolved via mediation.

10.3 Other Court Proceedings

Under Section 124 of the Trade Marks Act, the defendant in an infringement suit can seek a stay of the infringement proceedings. To do this, the defendant must contest the registration of the mark that is the subject of infringement proceedings. The alternatives are as follows.

- Pre-suit challenge: the suit must be stayed if the defendant began the rectification processes before the infringement suit was filed.
- Post-suit challenge: if the defendant intends to pursue rectification after being sued, it must first satisfy the court (on a prima facie basis) that the registration should be invalidated. Once the court is satisfied that the challenge to validity has been established, the court will issue a stay of proceedings and allow the defendant to commence rectification within a defined timeframe.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Within three months of the TMO's rejection order being issued, an appeal must be lodged with the competent court of jurisdiction.

11.2 Special Provisions for the Appellate Procedure

For trade mark proceedings, the District Court is the court of first instance. An appeal therefrom lies to the High Courts of relevant jurisdiction; as a last resort, an appeal by way of special leave petition can be brought before the Supreme

Court wherein a substantial question of law is concerned.

11.3 Scope of the Appellate Review

In the High Courts, questions of law or fact can be taken up; in the Apex Court, only a question of law can be raised.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

In India, the TMO is contacted prior to the registration of a copyrightable artistic work that can also be used as a trade mark for certification that there are no trade marks on record that are similar to the copyrightable artistic work.

The artistic work copyright can be filed for registration only when the TMO confirms and certifies that there are no similar or identical trade marks on record. Likewise, a trade mark cannot be registered if it is in conflict with a copyrighted work.

While India's trade mark and copyright regulations take into account potential conflicts, there is currently no practical mechanism either established by trade mark law or used by trade mark authorities in India to examine copyright records while assessing trade mark applications.

12.2 Industrial Design

When it comes to two-dimensional elements and features of a product, the conflict between design and trade mark law is non-existent. However, for the protection of a product's shape and three-dimensional arrangement, the lines between trade mark and design law tend to get a little blurry.

A product's shape and aesthetics can be protected through design registration. Other aspects (eg, larger trade dress, layout and placement of trade marks on the goods) that are not claimed in the design registration can be protected under a trade mark or trade dress.

Once the design registration has expired, the complete design can be claimed as a trade mark/trade dress and appropriate legal action can be taken by the owner, assuming the consumer association and good will tests have been met. This is due to the fact that common law does not grant a product monopoly. Instead, it simply recognises and maintains the monopoly that already exists on a product's shape and aesthetics.

12.3 Rights of Publicity and Personality

Personality rights are not recognised as distinct legal rights in India, but they have been recognised through the Right to Privacy and the Right to Publicity, the elements of which (character likeness, name, setting, event, etc) may be protected under various statutes such as the Copyright Act 1957 and the Trade Marks Act 1999.

Commercial use of one's name and likeness is protected in India under the umbrella of personality rights, as well as trade mark and copyright laws. Several famous actors and athletes, including Dilip Kumar, Sachin Tendulkar and Kapil Dev, have registered their names as trade marks to protect them from commercial abuse.

12.4 Unfair Competition

One of the primary objectives of the IP law regime is to safeguard against unfair competition, which is defined as any act of competition that is contrary to fair practices in industrial or business affairs.

The Competition Act of 2002 and the Consumer Protection Act of 2019 are two Acts that ensure fair competition in Indian markets by safeguarding consumers' rights against exclusive IP rights-holders.

Unfair trade practices include trade mark infringement, passing off, and even disparagement. Trade mark law is a part of the wider arena of unfair trade practice. As a result, trade mark law and unfair trade practice must be viewed as complementary to each other rather than conflicting.

13. Additional Considerations

13.1 Emerging Issues

With the upcoming digital switch to the metaverse, NFTs, cryptos, etc, it is imperative that there is transition in the existing trade mark classifications. It will be interesting to see how the next edition of the Nice Classification handles these new intangibles.

As detailed in 8.1 **Special Procedural Provisions for Trade Mark Proceedings**, in June 2021, the country abolished the IPAB and transferred jurisdiction of adjudicating appeals to the High Courts. Subsequently, the Delhi High Court formed a dedicated IP Division to formalise and hear IP matters that had been previously pending before the IPAB.

13.2 Trade Marks and the Internet

The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, regulate online intermediaries. The Rules stem from the Information Technology Act 2000.

Online intermediaries are granted safe harbour protection under Section 79 of the Act if

they comply with specific obligations and due diligence requirements set forth in the Rules. If these Rules are violated, or if the intermediaries choose to act in defiance of a court or government order, they lose their safe harbour protection and become liable, along with the true source of the infringing content.

The Guidelines mandate that all intermediaries exercise due diligence, which includes due diligence in the event of a trade mark or proprietary rights infringement.

Further, in case a claim of infringement is brought to an online intermediary's knowledge, the Rules require removing any restricted/infringing content within 36 hours of obtaining actual knowledge of its existence.

13.3 Trade Marks and Business

In general, adopting/using a generic or deceptively similar name is discouraged for a brand because it creates confusion among stakeholders.

Using deceptively similar names without first conducting a trade mark clearance search could violate the rights of the rightful proprietor, cause market confusion, and amount to piggy-backing on another brand's good will.

Furthermore, other factions are increasingly being included in the protection of trade marks, such as the registrar of companies, which has regulations prohibiting the registration of company names that contradict with trade mark owners' previous rights. The procedure to be followed in this regard is already laid forth in the Companies Act.

Contributed by: Safir Anand, Anand and Anand Advocates

Anand and Anand Advocates is one of India's leading law firms, with offices in four of India's major cities – New Delhi, Noida, Chennai and Mumbai. It represents clients on a large number of the most complex and high-value matters across the globe. Most of the firm's key practices have won top industry awards and accolades. Anand and Anand understands the different challenges faced by its clients in the contemporary business environment as a result of technological changes, evolving government

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Trends and Developments

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LexOrbis see p.233

The Fight Between Territoriality and Universality of Trade Marks

“What’s in a name?” the famous Shakespearean quote, is perhaps, one of the most widely cited pieces of literature. However, this appears to be an antithesis to trade mark law.

The prudent public at large, in today’s world, is aware of what kind of companies exist in the world, what their products are and their importance is decided on the basis of their brand being “famous” or “viral” including on social media platforms. In this day and age, leading brands, firms and corporations do not shy away from advertising their brands and products on relevant platforms. The more they advertise, the more they benefit from it. This further leads to blurring of geographical boundaries with respect to the spread of knowledge about brands and products. Such awareness is no longer confined to a particular jurisdiction. As commerce becomes progressively globalised, and communication networks enable organisations to disseminate information about their trade marks more economically and efficiently, it becomes increasingly important for businesses and their advisors to understand the geographical scope and limitations of the legal rights attached to trade marks.

The principle of territoriality is basic to trade mark law and conveys that trade mark rights have a territorial basis and legal existence within the boundary of a sovereign nation. Whereas the doctrine of universality presumes worldwide recognition of a trade mark if it has gained legal recognition in any particular territory or country.

The ALPHARD case

The territoriality principle was once again recently discussed in a trinity of cases relating to the trade mark rectification/cancellation petitions filed by Toyota Jidosha Kabushiki Kaisha against the registered trade mark “ALPHARD” existing in the name of Tech Square Engineering Pvt. Ltd., wherein all the three rectification petitions were decided by way of a common judgment of the Hon’ble Delhi High Court, as delivered on 3 February 2023. The three rectification petitions were filed by the petitioner in the year 2018 before the Intellectual Property Appellate Board (IPAB). However, due to enactment of the Tribunals Reforms Act, 2021, the petitions were placed before the Hon’ble Delhi High Court. These three petitions focused on the same issue and were filed seeking rectification of the Trade Marks Register by removing the registrations granted to the respondent for the mark “ALPHARD” in classes 9, 12 and 27 covering, inter alia, car radios/stereos, navigation apparatus for vehicles, various car accessories, and automobile carpets, respectively.

In the present cases, it was noted by the Court that Toyota (petitioner), incorporated in Japan, was a well-known automotive manufacturer and operated throughout the world. It had a widespread business in over 170 countries of the world where its vehicles were marketed and sold. The petitioner had also entered the Indian market in a joint venture with the Kirloskar Group in 1997 known as Toyota Kirloskar Motor Pvt. Ltd. and had set up manufacturing facilities in India. The petitioner also owned various trade mark registrations, but the trade mark in ques-

tion was the mark “ALPHARD”, which was registered in various jurisdictions including Japan, China and Singapore. The mark “ALPHARD” was adopted by the petitioner in 1986 which was also the date of its earliest registration and a luxury MPV/minivan was first launched in the year 2002. The petitioner had also sold more than 8,50,000 units since its launch. The vehicle under the mark had not been formally introduced/launched in India but was available in the country through direct imports by Indian residents. The mark “ALPHARD” was claimed by the petitioner to be a “well-known” trade mark which had acquired a secondary meaning due to its reputation and good will throughout the world. The petitioner had also applied for registration of the mark “ALPHARD” in India on 21 November 2017, on a proposed to be used basis. However, the trade mark application of the petitioner was objected to by the Trade Marks Registry as the respondent had already registered the mark “ALPHARD” on 5 November 2015, in classes 9, 12 and 27, on a proposed to be used basis. Thus, in these rectification petitions against the respondent’s registrations, the petitioner claimed that the respondent had adopted the mark “ALPHARD” in relation to goods under cognate and allied fields in a mala fide manner so as to trade upon the petitioner’s good will and reputation.

The respondent in its defence claimed that its adoption of the mark “ALPHARD” was honest and bona fide for goods in classes 9, 12 and 27 since 2015 and the same had been used extensively and continuously by it ever since. The respondent was the prior user of the mark in India as compared to the petitioner. The respondent also alleged that the petitioner had not used its mark in India, and due to non-use, there could not be any good will in respect of the said trade mark of the petitioner in India nor was

there any trans-border reputation of the same in India. It was also alleged by the respondent that the petitioner had made contradictory statements by saying that the mark had been in use in India since 2008, and on the other hand it applied for registration of the mark in India on a proposed to be used basis in 2017.

Both the parties had also placed their evidentiary documents on record and relied on certain relevant judgments. The petitioner had placed on record printouts from third-party websites showing listings of the petitioner’s vehicles under the mark “ALPHARD” in India for sale, since 2008. It also placed on record international brochures/annual reports, awards, worldwide trade mark registration certificates/renewal certificates and promotional material in respect of the mark “ALPHARD”. It was alleged by the petitioner that the respondent had not placed on record invoices in its name but in the name of its sister company. The petitioner also stated that the respondent could not have been granted registrations owing to Sections 11(1), 11(2), 11(3) and 11(10) of the Trade Marks Act, 1999. The petitioner, inter alia, relied on the judgment of a division bench of the Delhi High Court in *MAC Personal Care Pvt. Ltd. v Laverana GMBH and Co.*, 2016 SCC OnLine Del 530 to support its submission that transborder/spill over reputation in respect of a trade mark may exist in India, despite the brand not having any commercial use in India.

The respondent on the other hand had submitted that the word “ALPHARD” is the name of a star and thus, the adoption of the said mark was honest and bona fide, and its use in relation to car accessories was completely arbitrary and fanciful. The respondent also stated that the petitioner neither used its mark in India nor was it ever used even outside India with respect to the

goods falling in classes 9 and 27. It also rebutted the petitioner by arguing that there was no application of Sections 11(1), 11(2) and 11(3) in the present case as there was no earlier registered trade mark of the petitioner in India. The respondent placed reliance on the judgment of the Hon'ble Supreme Court in *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd.*, (2018) 2 SCC 1 and the order of IPAB in *Hypnos Limited v Hosur Coir Foam Pvt. Ltd. and Ors.*, 2015 SCC OnLine IPAB 213, to contend that in the present case, there was no transborder reputation available to the petitioner in India and that according to the principle of territoriality, any claimed transborder reputation needed to be proved through evidentiary documents that existed in India before the cut-off date; ie, when the respondent adopted and started using the mark in India. The respondent contended that such claimed transborder reputation was absent in India in the present case as well.

The Court keeping in mind the “within India” picture, noticed that though the petitioner had used the mark ALPHARD first in the world in 1986 and gained a certain amount of publicity since then across the world in relation thereto, it had filed an application for registration of the mark in India only in 2017 and that too on a “proposed to be used” basis. Whereas the respondent had been using the mark in India since the year 2015 in respect of automobile parts and accessories and had obtained statutory rights over the same through registrations in 2015. The Court also observed the facts and decision in a previous case involving the petitioner's mark “Prius” namely, *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd.*, (2018) 2 SCC 1, which was relied upon by the respondent. It was held by the apex court in that case that the existence of trans-border reputation and claimed well-known nature for the mark “Prius” on or before the rel-

evant date (ie, the year 2001 when the defendant started using the mark) needed to be established, which was lacking owing to “scanty” evidence and/or absence of appreciable documentary proof. The apex court had also observed that knowledge of the said brand even among the relevant sections of the public was not prominent. The Court in the present case further noted that in *Hypnos Limited v Hosur Coir Foam Pvt. Ltd. and Ors.*, 2015 SCC OnLine IPAB 213, it was held that it was a well-settled proposition that the onus is on the applicant applying for rectification to establish by evidence the existence of trans-border reputation. The applicant has to discharge this burden by showing extensive use and has to make out strong grounds for rectification in so far as the removal of the registered trade mark from the Register is concerned. In the *Hypnos* case, the submission of the applicant that the mark “Hypnos” was well known and carried transborder reputation having spilled over to India was rejected and the rectification petition was accordingly dismissed. It was also held in that case that no presumption could be drawn from the foreign registrations of the applicant that it automatically acquired reputation in India or that transborder reputation percolated in India, and that no document showed extensive usage of the mark in India.

Similarly, in the present case, the Court concluded that the petitioner had failed to discharge the onus to show that reputation and good will of the mark “ALPHARD” existed in India. In fact, it was not even the case of the petitioner that it was dealing in products in class 9 and class 27 anywhere in the world. The Court noted that the documents placed on record by the petitioner did not reflect extensive use of the brand “ALPHARD” or established that the brand “ALPHARD” had acquired a transborder reputation in India in classes 9, 12 and 27. The

Court further noted that evidence on record also showed very limited sales and use of the product in the Indian market and that too, only by private parties. No advertisements had been made by the petitioner in India and it could not be ascertained that a substantial number of consumers in India knew about the existence of the brand “ALPHARD” of the petitioner. It was also noted that it was the petitioner’s own case that the same model of the car had been launched in India under a different brand name: “Vellfire”. Therefore, no reliance could be placed on any articles to show that the brand “ALPHARD” had acquired good will and reputation in India. It was also noted that most of the articles that were relied upon by the petitioner to show that it was considering launching a vehicle under the brand “ALPHARD” in India were subsequent to the respondent’s registration of the mark in India. It was also held that Sections 11(1) and 11(2) would not be applicable in the present case as the petitioner did not have any “earlier registered trade mark” for the mark “ALPHARD” in India as compared to the existing registered trade marks of the respondent. Even Section 11(3) of the Trade Marks Act, 1999 would not be applicable in the absence of good will and reputation of the petitioner’s said mark in India. In view of all the above factors, the petitioner’s rectification petitions against the registered trade mark “ALPHARD” of the respondent in classes 9, 12 and 27 were dismissed by the Court.

Conclusion

The Courts today are not shying away from upholding the territoriality doctrine over the universality doctrine. With the development of trade, media and markets, the concept of geographical boundaries has been questioned again and again in relation to intangible property such as reputation and good will. Reputation of a trade mark includes the knowledge and awareness

of such trade marks among the public and is the means by which a trade mark is recognised. Thus, the reputation of a trade mark is not limited to the country of its origin but surpasses the geographical frontiers and is spread across the world. The nature of good will as a legal property with no physical existence means that when a business is carried on in more than one country, there must be separate good will in each such country. For a brand to pass the test of even transborder reputation in a particular country, recognition of that brand in the concerned territory becomes a sine qua non. Prior use of the trade mark in one jurisdiction may not, ipso facto, entitle its owner or user to claim exclusive rights to the said mark in another dominion.

This decision tells the story of an evolving IP jurisprudence in India which not only reaffirms the modalities of transborder reputation as held in the case of *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd.*, (2018) 2 SCC 1 but also shows that IP jurisprudence manifests in sync with the business environment, and the changing economic landscape of India and associated policies. In cases involving subsequent adoption of internationally used trade marks by Indian businesses, most of the decisions earlier suggested presumption of bad faith on the part of the defendants; rather than relying on a thorough inquiry, scrutiny and appreciation of evidence led by both the parties. It is an interesting trend seen over the past few years that espouses the sufficiency and appreciation of evidence in order to come to a finding of territorial recognition for a given brand rather than leaning on any presumption of bad faith. It is hoped that this decision brings further clarity for foreign brand owners and businesses, warning them to appreciate and understand the importance of having a trade mark registration in place in a timely manner rather than waiting for it to

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be lost to another entity in a particular territory, since trade mark rights, prima facie, are territorial in nature, perhaps more so, in respect of tangible goods.

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LexOrbis is a premier, full-service IP law firm with over 250 personnel, including 120-plus attorneys at its three offices in India in New Delhi, Bangalore and Mumbai. The firm provides business-oriented and cost-effective solutions for protection, enforcement, transaction and commercialisation of all forms of IP in India and globally. It represents clients from a wide range of industries, including automotive, aerospace, biotechnology, computers, chemicals, defence equipment, electronics, IT, software and mobile apps, entertainment, oil and gas, pharma-

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The most important law pertaining to trade marks in Japan is the Trade Mark Act (Law No 127 of 13 April 1959).

While the Trade Mark Act regulates requirements and processes to register trade marks and the scope of protection for registered trade marks, the other important law governing trade marks in Japan is the Unfair Competition Prevention Act, which provides protection for trade marks that are not registered but have acquired certain degree of goodwill and fame through actual use.

Trade mark rights and rights under the Unfair Competition Prevention Act are governed by these statutory laws and not by case law; unlike the USA and UK, Japan is a civil law country.

Japan is a party to the following conventions, treaties and agreements:

- the Nice Agreement;
- the Paris Convention;
- the WIPO Convention;
- the WTO TRIPS Agreement;
- the Trademark Law Treaty; and
- the Madrid Protocol.

1.2 Types of Trade Marks

In Japan, “trade marks”, “collective trade marks”, “regional collective trade marks” and “defensive marks” can be registered under the Trade Mark Act. Trade marks can be registered in relation to services as well as goods.

Collective Trade Marks

Collective trade marks can be registered for trade marks that are used by members of busi-

ness co-operatives and associations. Regional collective trade marks can be registered for trade marks composed solely of the region’s name and the generic name of the particular goods or services that are used by members of business co-operatives and associations. Defensive marks can extend the protection of a famous mark to include the goods and services for which the applicant does not intend to use the mark.

Certification Marks

In Japan, certification marks are protected as ordinary trade marks and there is no separate system to register a mark as a certification mark.

Geographic Indicators

Geographic indicators are not protected as trade marks under the Trade Mark Act. Rather, geographic indications (GI) are protected under the Act on Protection of the Names of Specific Agricultural, Forestry and Fishery Products and Foodstuffs and by registration under the control of the Ministry of Agriculture, Forestry and Fisheries.

Design Marks

Trade mark protection is available not only for word marks, but also for design (figurative) marks. Further, sound trade marks, colour trade marks, motion trade marks, hologram trade marks and position trade marks can be protected. If a shape, a colour or a sound that cannot be avoided for the product in question to function, a trade mark solely composed of such feature cannot be registered.

Product Marks

Product marks, such as the shape of a product, its container or its packaging, can be protected by registration as a three-dimensional trade mark or under the Unfair Competition Prevention Act.

However, a trade dress such as a basic shape of a container of a product (without any distinctive word mark or sign on it) is often deemed indistinctive and cannot be registered unless acquisition of a secondary meaning is proven.

Surnames

Regarding use of surnames, it should be noted that a common surname is deemed indistinctive and not protectable as a trade mark under the Trade Mark Act except where such surname is famous as one's trade mark.

1.3 Statutory Marks

In Japan, there are specific marks that are protected by statute in a different way than an ordinary trade mark, namely registered trade marks under the Trade Mark Act and unregistered but well-known trade marks under the Unfair Competition Prevention Law.

There is no special legislation to provide a special protection for the Olympic-related marks such as one known as "association rights" in some countries. Still, the Unfair Competition Prevention Act has a provision stating that use of any mark identical or similar to a mark which is "famous" (ie, a higher level of a well-known status) would constitute an act of unfair competition, which is subject to damages and injunctive relief, even if there is no likelihood of confusion.

For example, since the term "Olympic" and the Olympic symbol are undeniably famous in Japan, use of any mark identical or similar would likely constitute a violation of the above provision under the Unfair Competition Prevention Act, regardless of whether there is any likelihood of confusion or not. As such, while there is no special statute to protect Olympic-related marks, they are actually strongly protected in Japan.

1.4 Well-Known Foreign Marks

Marks that are famous outside Japan are not directly protected under Japanese law. However, the Japanese Trade Mark Act provides that an application for registration shall be rejected or a registration of a trade mark shall be invalidated if it is identical or similar to a trade mark that is well known among consumers outside Japan as indicating goods or services pertaining to a business of another person and if such a trade mark is used for unfair purposes (ie, gaining unfair profits, causing damage to other persons, or any other unfair purposes), even if such trade mark is not used or known in Japan.

1.5 Term of Protection

The duration of a trade mark right expires after ten years from the date of registration.

1.6 Exhaustion of Trade Mark Rights

There is no provision for exhaustion of trade mark rights under the Japanese Trade Mark Act. It is generally considered that, in accordance with the precedents, once goods on which the registered trade mark is affixed by the legitimate trade mark owner are put on the market, subsequent distribution of the same goods by third parties is not deemed to constitute trade mark infringement because, as long as the quality of the goods is under the control of the trade mark owner, the following essential functions of the trade mark are not harmed:

- identifying the source of the goods; and
- endorsing the quality of the goods.

1.7 Symbols to Denote Trade Marks

Although it is not mandatory, it is encouraged to denote that a mark is registered in Japan. No symbol is provided in the Japanese Trade Mark Act, but indications such as ® and "a registered trade mark" are widely used for registered trade

marks. While there is no concept of “common law rights” in Japan, it is customary practice to use a TM legend if the trade mark is not registered but used as a trade mark.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A trade mark can be assigned freely before and after registration except for those owned by the State, a local government, or an agency thereof. Trade marks owned by a non-profit organisation undertaking a business for public interest and regional collective trade marks may be assigned only if the assignment satisfies certain requirements under the law.

To assign a registered trade mark, it is mandatory to record the assignment on the Trade Mark Register for such assignment to become legally effective, except for assignment of a registered trade mark by way of succession (eg, by merger of the original trade mark owner and a third party).

For recordation of an assignment of a registered trade mark, the JPO requires:

- an assignment deed clearly specifying the names and addresses of the assignor and the assignee and identifying the trade mark to be assigned by its trade mark registration number; and
- the power of attorney.

2.2 Licensing Requirements or Restrictions

Under the Japanese law, in principle, a trade mark owner can freely license use of its trade mark for others by way of a contract between the

trade mark owner (the licensor) and the licensee. There is no need to obtain an approval by the Japan Patent Office to grant a licence. Licences can be exclusive and/or non-exclusive. Licences can be granted orally and tacitly and there is no legal requirement that a licence must be in writing.

That said, as a practical matter, it is recommended that the licence is granted in writing to clearly stipulate rights and obligations of the licensor and the licensee. It is possible to licence use of an unregistered trade mark for others. However, licensing of an unregistered trade mark would not provide legal protection available for a registered trade mark and the position of the licensee will be unstable and not protected vis-à-vis third parties.

While recordation of the licence at the JPO is not mandatory, it is possible to record the licence with the JPO. In this connection, it should be noted that there are only two types of licence that can be recorded at the JPO: an exclusive licence (*senyo shiyoken*) and a non-exclusive licence (*tsujo shiyoken*) (Articles 30 and 31 of the Trade Marks Act). An exclusive licence under Article 30 of the Japanese Trade Mark Act becomes valid only if such licence is recorded with the JPO.

Non-exclusive Licences

For a non-exclusive licence (*tsujo shiyoken*) under Article 31 of the Trade Marks Act, recordation of the licence at the JPO is optional and not mandatory. The benefit of recording a non-exclusive licence is for the licensee. The licensee who recorded its non-exclusive licence with the JPO will be able to assert its licence against a third party who subsequently acquires the trade mark right pertaining to the licensed trade mark from the original licensor.

To record an exclusive or non-exclusive licence, the deed of grant of licence signed by the trade mark owner and the POA from the licensee is required (the licensee's signature on the POA is not required). There is no legal restriction that a licence may not be perpetual under the Japanese law.

2.3 Registration or Recording of the Assignment

Assignment of a registered trade mark must be recorded at the JPO unless it is an assignment by way of a general succession.

The risk during the gap between the assignment or licence taking place and its registration is that the trade mark might be assigned again to another party if the assignment is not timely recorded. Since the assignment becomes valid and effective only upon recordation, if the trade mark owner X sells the trade mark to the assignee Y and then X subsequently sells the same trade mark to another entity Z and the assignee Z records the second assignment with the JPO before the assignee Y records the first assignment with the JPO, legally, the assignee Z will be the valid assignee.

As discussed, an assignment by way of a general succession becomes valid when such succession takes place. However, timely recordation of an assignment by way of general succession is still highly recommended to keep the Trade Mark Register in order and up to date.

As discussed in **2.2 Licensing Requirements or Restrictions**, a licence can be effective by way of a contract between the trade mark owner and the licensee and there is no need to record the licence for it to be binding upon the parties, except for an exclusive licence under Article 30 of the Japanese Trade Mark Act.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no further requirements.

2.5 Assigning or Licensing Applications

An application can be assigned while it is pending examination. It is possible to grant a licence to use a trade mark under a pending application if the trade mark applicant and the licensee agree to such contractual terms. However, it will only be a contractual relationship between the trade mark applicant and the licensee where the licensee can assert the licence only vis-a-vis the licensor.

Under the Japanese Law, there is no distinction between applications based on use and applications based on an intent to use. Therefore, whether or not the mark is in actual use does not affect assigning or licensing applications.

2.6 Trade Marks as Security

A trade mark can be subject to pledge and assigned by way of security. In the event of a compulsory execution, a trade mark may be subject to seizure and be auctioned as part of the property of the obligator.

3. Registration

3.1 Trade Mark Registration

A trade mark registration must be obtained to have trade mark rights in Japan. Trade mark rights cannot be acquired merely by using the mark.

An indistinctive mark includes the following:

- a descriptive mark;
- a mark composed solely of a common surname;

- a very simple and common mark (eg, numerals and one or two alphabetical letters); and
- a mark composed solely of colours.

A product configuration is often deemed indistinctive and is refused registration. An indistinctive mark as listed above can be registered if the trade mark applicant successfully proves that it has acquired a secondary meaning as the result of continuous and extensive use.

3.2 Trade Mark Register

The Japan Patent Office maintains the Trade Mark Register. There is only one trade mark register in Japan and there is no supplementary register for descriptive marks.

It is normal practice to search for prior trade marks before applying to register a mark in Japan. The search is usually conducted using the JPO database. No trade mark right will arise unless it is registered; therefore, the search does not generally cover marks in use but not applied for or registered.

3.3 Term of Registration

The term of a trade mark registration is ten years. A renewal application must be filed during the six months prior to the expiration of a trade mark right. Within the six months following the expiration date (the grace period), the owner may file a renewal application by paying double the official fees as a bailout measure.

If a renewal application is not filed within the grace period, the trade mark right then expires. However, if the owner's failure to file a renewal application within the grace period is for a "justifiable reason", exceptionally, it is permitted to file a renewal application during the period not exceeding six months after the expiry of the grace period and two months after such justifi-

ble reason ceased to exist. A revision to this provision is going to be enacted on 1 April 2023. Once this revision comes into effect on 1 April 2023, the trade mark owner would only be required to show that the failure was not "intentional" and it is expected that it would be less restrictive to revive an expired trade mark right.

3.4 Updating or Refreshing Registrations

In Japan, once a trade mark is registered, it is not possible to update or refresh the trade mark as registered, including a design mark.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

Any person who desires to register a trade mark shall submit an application to the Commissioner of the JPO accompanied by the required documents indicating the applicant's name and address, the trade mark to be registered and the designated goods and/or services.

If priority is claimed under the Paris Convention, the applicant must submit a priority certificate within three months from the filing date in Japan. No other documents (a specimen of use, a power of attorney) are required.

Any entities with the legal capacity to hold rights can register a trade mark. Although such entities include individuals, legal entities and trade bodies, unincorporated associations (eg, a sports club or residents' association) may not register a trade mark.

For types of registrable trade marks, see **1.2 Types of Trade Marks**. Multi-class applications are accepted under the Japanese trade mark system.

4.2 Use in Commerce Prior to Registration

There is no requirement that a trade mark applicant use its mark in commerce before the registration is issued.

4.3 Series Mark Registrations

Japan does not allow the registration of series marks.

4.4 Consideration of Prior Rights in Registration

The JPO refuses the registration of trade marks due to the existence of prior rights, namely:

- registered trade marks with earlier filing dates;
- pending trade mark applications with earlier filing dates;
- unregistered but well-known trade marks in Japan;
- trade marks well known in foreign countries if the application is filed for unfair purposes;
- registered defensive marks;
- another persons' name, corporate names, portraits and the like;
- names of a variety registered in accordance with Article 18 (1) of the Plant Variety Protection and Seed Act; and
- marks indicating a place of origin of wines or spirits of Japan that has been designated by the commissioner of the JPO, or a mark indicating a place of origin of wines or spirits of a member of the WTO that is prohibited by said member from being used on wines or spirits not originating from the region of said member.

Consent Letters

In Japan, the JPO does not accept a "consent letter" or "co-existence agreement" as a measure to allow two similar trade marks to co-exist

on the Trade Mark Register except where one of the owners of the senior and junior trade marks is under the corporate ownership and/or control of the other.

Instead of a consent letter, one way to circumvent the refusal is to use an "assign-back arrangement" whereby an applicant will temporarily assign ownership of the application to the cited prior trade mark owner. As the applicant's mark and the prior mark would then be (temporarily) owned by the same entity (ie, the prior trade mark owner), the relevant grounds for refusal would be resolved and the JPO would grant registration to the applicant's mark. Once the registration is granted, the prior trade mark owner assigns the latter applicant's application back to the applicant.

The JPO is currently positively considering introducing a "Consent" system which will allow registration of an identical or similar trade mark with the consent of the owner of the prior trademark owner under certain conditions.

4.5 Consideration of Third-Party Rights in Registration

Any person can file a document referred to as "Information Statement" containing useful information for the examination if they believe an applied-for trade mark does not meet the substantive requirements for registration such as existence of an earlier registered trade mark that they believe should be cited as a bar to registration of the trade mark application.

In addition, any person can file an opposition to a registration within two months from the date of publication of the trade mark.

To file an Information Statement or an Opposition, there is no need to show any legal stand-

ing or commercial interest to challenge the trade mark in question.

4.6 Revocation, Change, Amendment or Correction of an Application

The applicant can make amendments relating to its application when the case is pending examination, examination on opposition to registration, trial or retrial. It is very common for the applicant to amend the description of the goods and services at the request of the JPO examiner. Amendment of the trade mark itself is usually not permitted.

4.7 Dividing a Trade Mark Application

The applicant is permitted to divide a trade mark application. The division of the application may be made provided that the application is pending in examination, trial or retrial, or if a suit against a trial decision to refuse the application is pending in court.

4.8 Incorrect Information in an Application

If a trade mark application includes incorrect information such as typos in the applicant name and descriptions of the goods and services, the JPO issues an office action requesting the applicant to correct the information. When the typos are very minor, the JPO tends to correct them by its own authority.

4.9 Refusal of Registration

The Japan Patent Office examines all the trade mark applications on both absolute grounds (distinctiveness) and relative grounds (earlier rights – see **4.4 Consideration of Prior Rights in Registration**). Misleading trade marks, applications filed for bad faith, and trade marks with an immoral or offensive meaning (eg, a visually obscene mark or a mark slandering a particular nation) are also refused. Submitting fraudulent

material in an application is not a direct cause for refusal of the application. However, submitting fraudulent materials (eg, a counterfeit statement or false evidence) could result in criminal penalties (fraudulent conduct under Article 79 of the Trade Marks Act).

If the JPO Examiner finds any ground for refusal, the applicant is given an opportunity to file a counter argument against the examiner's view. If the trade mark is refused on absolute ground for refusal, there is usually an attempt to argue that the trade mark in question is sufficiently distinctive. If there is no room for such an argument, it would be argued that that the trade mark is famous and has acquired a secondary meaning through continuous and extensive use in Japan.

4.10 Remedies Against the Trade Mark Office

A refusal by the initial examiner of the JPO may be appealed within three months from the date of refusal. The appeal must be filed to the JPO and examination of an appeal against a decision of refusal is examined by three or five appeal examiners of the JPO.

If the appeal examiners make a decision to refuse the application, the applicant may make a further appeal to the Intellectual Property High Court (IP High Court) within 30 days.

4.11 The Madrid System

Japan participates in the Madrid System and has adopted a two-part payment of individual fees with the second part of the individual fees needing to be paid directly to the International Bureau after the decision of registration is made by the JPO. This “two-part payment” system for payment of individual fees for Japan has been revised and will be changed to “lump-sum payment” effective 1 April 2023.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Japan adopts a “post registration” opposition system and an opposition must be filed during two months after the publication of the trade mark after it is approved, registered and published. The opposition deadline is not extendable.

5.2 Legal Grounds for Filing an Opposition

An opposition may be filed based on the following grounds:

- absolute grounds, ie, lack of distinctiveness;
- relative grounds, most notably, an opposition can be filed based on an earlier trade mark registered for the same or similar goods/services;
- violation of requirements for a collective mark;
- violation of the first-to-file rule;
- violation of provisions prohibiting re-registration of cancelled trade marks;
- violation of the enjoyment of trade mark rights by foreign nationals;
- infringement of the provisions of the Trade-mark Law Treaty, Paris Convention and other relevant treaties; and
- violation of the requirement for explanation of the trade mark.

Dilution is not explicitly recognised as a ground to oppose a trade mark registration. In addition, dilution is not explicitly recognised as a ground to prevent use of a mark in a lawsuit.

5.3 Ability to File an Opposition

Any person can file an opposition. If the opponent is an entity residing outside Japan, representation by a domestic attorney is necessary to file an opposition at the JPO. The average cost

for opposing a registration in one class is about USD3,000-4,000.

5.4 Opposition Procedure

An opposition to a trade mark registration can be filed with the JPO within two months of the publication. Once a bare-bones notice of opposition is filed, the opponent can supplement detailed grounds and supporting evidence within 30 days (if the opponent is a resident in Japan) or within 90 days (if the opponent is not a resident in Japan).

In principle, the examination of the opposition is conducted on the basis of documents without oral hearings.

Trade mark opposition proceedings in Japan are quite different from those in the USA. In Japan, a trade mark opposition is in essence a re-examination of the trade mark application and the JPO will make a decision on its own as to whether the initial examination was correct. In trade mark opposition procedures, there is no proceeding for discovery or any other process to oblige parties to collect and submit evidence surrounding the application or the opposition.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

If the trial examiners render a decision to maintain the trade mark registration and dismiss the opposition, the decision cannot be appealed. However, if the opponent is dissatisfied with the dismissal, it is possible for it to file an invalidation action for the same grounds. If the trial examiners render a rescission decision and if the owner of trade mark is dissatisfied with the decision, it may appeal to the IP High Court within 30 days from the date on which a certified copy of the decision is served. The JPO may extend the above time period for a foreign resident.

It usually takes about eight months from the time of filing an appeal to the decision by the court.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

An invalidation action based on the absolute or relative grounds for refusal must be filed within five years from the date of registration of the trade mark in question, except for cases where trade marks are filed in bad faith or for the purposes of unfair competition.

The time period of five years also applies for cancellation actions due to misuse of registered trade mark and against trade marks registered by the trade mark owner's former agent or representative without authorisation.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding Cancellation Action Based on Non-use

Any person may file a request for a trial for cancellation of a trade mark where the trade mark has not been used in Japan for three years or longer. Where such request is filed, the burden of proof of use is on the owner.

Cancellation Action Due to Misuse

Any person may file a request for a trial for cancellation of a trade mark where the use of the trade mark misleads the consumers as to the nature of the goods/services or causes confusion with the goods/services of another person.

Cancellation Action against a Trade Mark Registered without Authorisation

A person who has the right pertaining to the trade mark in a foreign member country of the

Paris Convention, WTO or Trademark Law Treaty may file a request for a trial for cancellation of a trade mark where the application for trade mark registration was filed by their former agent or representative without their authorisation.

Invalidation

A person who has a legal interest in invalidating the trade mark at issue may appeal for invalidation of the trade mark based on absolute grounds, relative grounds and other grounds set forth under the Trade Mark Act.

6.3 Ability to File a Revocation/Cancellation Proceeding

Any person may request a trial for a cancellation action, except for a cancellation action based on Article 53-2 of the Trade Mark Act (a registration obtained by an agent or representative without authorisation), which must be filed by the owner of the right pertaining to the trade mark in the foreign member country of the Paris Convention, WTO or Trademark Law Treaty.

An invalidation action needs to be filed by a person who has a legal interest in invalidating the trade mark at issue, such as an applicant who received an office action from the JPO citing the trade mark at issue as an obstacle against their application.

6.4 Revocation/Cancellation Procedure

Cancellation actions and invalidations must be filed with the JPO.

6.5 Partial Revocation/Cancellation

Cancellation actions based on non-use and invalidation can be filed in a partial manner specifying certain designated goods/services. It is not permitted to seek partial cancellation in a cancellation action for misuse or in a cancel-

lation action for unauthorised registration by an agent or representative.

6.6 Amendment in Revocation/Cancellation Proceedings

The owner of the trade mark cannot make amendments in cancellation/invalidation proceedings if the amendments alter the gist and/or the scope of the original application for revocation/invalidation. For example, it is not permitted to add cited trade marks or expand the scope of the goods and services attacked in the cancellation action/invalidation actions. Filing of additional evidence may be disallowed if such evidence involves a new legal argument and necessitates a defence by the defending party that was not expected when the action was originally filed.

6.7 Combining Revocation/Cancellation and Infringement

Revocation/cancellation of the trade mark registration is separate from the infringement procedure. Nevertheless, the court may dismiss the claim of infringement if it concludes that the trade mark registration is invalid and should be revoked or cancelled. In such an event in an infringement case, still, the registration of the trade mark at issue will remain valid until it is revoked or cancelled through a separate cancellation/revocation procedure at the JPO.

6.8 Measures to Address Fraudulent Marks

“Fraudulently filed trade marks” would include:

- a trade mark filed by an applicant who is aware that the trade mark they are filing actually belongs to others;
- a trade mark filed with a malicious intent to freeride on the fame of a well-known but unregistered mark of others;

- a trade mark filed by an applicant who has actually no intent-to-use the trade mark.

A trade mark can be deemed filed “fraudulently” in cases other than the above depending upon the actual circumstances in which the trade mark in question was filed and/or registered. Such fraudulently filed trade marks can be cancelled or invalidated by way of a trade mark opposition or an invalidation action.

For example, a trade mark registration for a franchised mark registered by a franchisee was invalidated as a “trade mark liable to contravene public order and morals” under Article 4 (1) (vii) of the Trade Mark Act because such filing of the trade mark not only violated the contractual relationship with the franchiser but it constituted an act utterly lacking social validity going against ethics of business. A trade mark application filed for a trade mark well-known outside Japan but not yet registered in Japan can be cancelled or invalidated if it is proved that such filing was filed for unfair purposes (Article 4 (1) (xix) of the Trade Mark Act).

If the court judges that the trade mark in question was filed by an applicant without bona fide intent to use the trade mark, such trade mark can be invalidated as a trade mark not meeting the requirements of the main paragraph of Article 3 (i) of the Trade Mark Act, which requires intent-to-use of the trade mark applicant for a trade mark application to be valid and effective based on the facts that the applicant has been randomly filing a large number of trade marks, including trade marks similar to the trade marks and names of others.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

There is no limitation period for injunction claims as long as the infringement continues. Conversely, due to the statute of limitation under the Civil Code, a damage claim must be brought within three years after the trade mark owner becomes aware of the infringement or, even if the trade mark owner is not aware of the infringement, within 20 years after the infringement.

7.2 Legal Grounds for Filing Infringement Lawsuits

The trade mark owner may claim damages or injunction (including a preliminary injunction) against the infringement of a trade mark right in the infringement litigation. Under the Japanese Trade Mark Act, a trade mark right comes into existence upon registration at the JPO (Article 19, paragraph 1 of the Trade Mark Act). Therefore, the owner of an unregistered trade mark cannot enjoy protections against infringement of a trade mark right under the Trade Mark Act, although unregistered marks can be protected under the Unfair Competition Prevention Act (UCPA) if the mark is well known or famous as an indicator of origin and satisfies other requirements of protection under the UCPA.

In addition, if the infringing goods are imported, the owner of a registered and/or well-known/famous trade mark may file an import suspension application with the Customs Office. Further, the trade mark owner may use ADR proceedings, such as mediation or arbitration, if the other party agrees to it. These actions are available to the claim under the UCPA.

Trade mark infringement will be established only when a mark at issue is used as indicator of ori-

gin. Even if any use of a mark cause dilution of a registered trade mark, if it does not serve as a source indicator, it will not be considered as trade mark infringement.

Cybersquatting

As to cybersquatting, if a domain name that is similar or identical to the registered trade mark is actually used for a certain website, while it is not explicitly provided under the Trade Mark Act, according to the precedents, it could be considered as trade mark infringement as well as an unfair competition under Article 2.1.1 or Article 2.1.2 of the UCPA if the trade mark is well-known or famous. In addition, registration or use of a domain name that is similar or identical to a third party's trade mark for the purpose of illicit gain or harm to the trade mark owner constitute an unfair competition under Article 2.1.19 of the UCPA.

7.3 Parties to an Action for Infringement

The plaintiff (ie, trade mark owner) and the defendant (ie, the alleged infringer) are the necessary parties to a trade mark infringement litigation. A registered exclusive licensee is entitled to file an action based on infringement of the registered exclusive licence seeking the same remedies as the trade mark owner. In this regard, there are arguments over whether non-registered exclusive licensees or non-exclusive licensees can initiate an action for infringement.

With regard to injunctions, it is generally considered that neither a non-registered exclusive licensee nor a non-exclusive licensee is entitled to claim for an injunction. With respect to a claim for damages, a non-registered exclusive licensee may claim for damages, although a non-exclusive licensee is still not permitted to claim for damages.

7.4 Representative or Collective Actions

There is no legal system that allows for representative or collective actions for trade mark proceedings, but if the subject matter of the suits is common to two or more persons or is based on the same factual or statutory cause, these persons may sue or be sued as co-parties.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites or remedies. The trade mark right comes into existence when the trade mark is registered.

Conversely, if the claim made by the trade mark owner is so unreasonable and groundless, then such claim could constitute a tort under the Civil Code. Further, if the trade mark owner claim trade mark infringement against parallel imported goods without any legal ground, such act may violate the Japanese competition law.

7.6 Initial Pleading Standards

A complaint must identify the names and addresses of the plaintiff and defendant (and plaintiff's attorneys' names and addresses, if appointed), the gist of the demand and the grounds for the demand. In particular, the infringing goods or services and the infringing acts must be specified in detail in the complaint. To identify those facts, a trade mark owner is expected to conduct a sufficiently detailed investigation and analysis on the case prior to initiating the lawsuit.

There are no special provisions for lawsuits in trade mark proceedings that differ from non-IP proceedings.

Supplemental Proceedings

Supplementing pleadings with additional arguments are acceptable. The court examines the

case through periodic hearing procedures (generally once a month) and each party is allowed to add its legal/factual arguments or evidence in the course of those procedures. The plaintiff may even expand or amend the claim or statement of claim until oral argument is concluded.

However, the court may limit such additional arguments or evidence if it considers such additional argument or evidence would substantially delay the court proceedings.

Further Lawsuits on the Same Subject

Once a lawsuit is initiated, the defendant cannot initiate a lawsuit for the same subject and if the defendant files such a lawsuit, it will be dismissed by the court. Provided that the litigation initiated by the plaintiff itself is considered to constitute a tort (see 9.6 Rights and Remedies for the Prevailing Defendant), the defendant may initiate a lawsuit against the plaintiff seeking damages arising out of the infringement litigation.

7.7 Lawsuit Procedure

The trade mark owner may file a lawsuit before the court that has jurisdiction over the location of the infringing act or defendant. In addition, with respect to a claim for damages, the court that has jurisdiction over the location of the plaintiff can hear the case. Further, for a trade mark infringement case, the plaintiff may select the Tokyo District Court as its option if a District Court is located within the jurisdictional district of any of the High Courts in the east part of Japan (ie, the Tokyo High Court, the Nagoya High Court, the Sendai High Court or the Sapporo High Court) and the plaintiff may select the Osaka District Court as its option if a District Court is located within the jurisdictional district of any of the High Courts in the west part of Japan (ie, the Osaka High Court, the Hiroshi-

ma High Court, the Fukuoka High Court or the Takamatsu High Court). However, the court can transfer the case to another court with jurisdiction when it finds it necessary in order to avoid undue delay of the procedure or ensure equity between the parties.

Costs that typically arise before filing a lawsuit would be for investigating the accused products or services, sending warning letters and for preparing for the litigation.

In Japan, a party may select at its discretion whether they will be represented by a lawyer. However, in practice, it is common for lawyers to represent the parties in trade mark litigation matters. A patent attorney (*benrishi*), which is a different profession from a lawyer (*bengoshi*), can also represent a party in trade mark litigation matters under certain conditions.

7.8 Effect of Trade Mark Office Decisions

Once the decision of the JPO becomes final, the effect caused by the decision is binding on any persons and thus the decision could legally affect the infringement actions in case the JPO decision is to invalidate or cancel the trade mark registration that is the basis of the infringement action. Until the decision becomes final, the decision will not be legally binding and technically have no effect on infringement actions, provided that it might affect the perception of the court in practice.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

The alleged infringer can initiate a lawsuit for declaratory judgment to confirm that there is no trade mark infringement and, therefore, the trade mark owner has no right to seek an injunction. When the trade mark owner initiates a lawsuit for

trade mark infringement, the defendant can still initiate a lawsuit for declaratory judgment for the same trade mark but the claim will be dismissed due to lack of benefit of suit.

A potential defendant can file a request for a trade mark invalidation trial before the JPO and/or initiate a lawsuit for declaratory judgment to confirm the absence of the right to demand an injunction, etc. There is no need for a potential opponent to lodge a protective brief to take these actions. It should be noted that if a trade mark owner starts the proceeding for a preliminary injunction under the Civil Preservation Act, the respondent/a potential defendant in the formal litigation is not entitled to require a bond to be posted by the trade mark owner under the Civil Preservation Act, while a court usually orders the owner to deposit a certain amount of money as a security when issuing an interim injunction order.

7.10 Counterfeiting

Counterfeit marks are not explicitly recognised by the Trade Mark Act and thus there are no special procedures, remedies, or statutes addressing counterfeit marks, provided that the criminal sanction for a trade mark infringement by use of identical mark is heavier than infringement by use of a similar mark.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no provisions specifically applicable to trial and settlement for trade mark rights proceedings. However, in practice, the trial will be divided into two parts. The court firstly focuses on determining whether the infringement of the trade mark rights is established. Then, only after the court tentatively concludes the establish-

ment of the infringement will the court assess the damages incurred by the plaintiff.

The case is determined solely by a legal judge. The Japanese legal system has neither technical judges nor jury trials for IP cases. In the Tokyo District Court and the Osaka District Court, there are special divisions for IP matters (four divisions at the Tokyo District Court and two divisions at the Osaka District Court) where judges who are experienced in IP matters will hear and decide the cases. The judges in these courts and the IP High Court rarely have technical backgrounds.

Technical advisers may be appointed to support the judge for advanced or complicated technical issues and to conduct research of highly advanced issues on the judge's behalf. The parties cannot influence who will judge the case, except to request to avoid a certain judge if they have reason to believe they cannot be impartial due to a relationship with the other party (eg, a relative).

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is necessary to establish that the defendant has used the sign as a trade mark; that is, as a source indicator of origin for the designated goods and/or services. If the plaintiff proves that the defendant uses a mark identical or similar to the registered trade mark in any way, it is presumed that the mark has been used as a trade mark and then it is the defendant who should argue and establish that the mark has not been used as a trade mark. If the defendant successfully proves that the sign has not been used as a source indicator, trade mark infringement will not be established.

8.3 Factors in Determining Infringement

The plaintiff must prove the existence of the trade mark registration, the similarity between the registered trade mark and the mark at issue, and the similarity between the designated goods/services and the goods/services at issue. The distinctiveness of the registered mark is presumed and it is the defendant who has the burden of proving lack of distinctiveness as their defence. The similarity of the marks is determined, taking into account the similarity in terms of appearance, connotation and pronunciation between the marks, as well as the likelihood of confusion.

8.4 Elements of Other Trade Mark Claims

Trade mark infringement is established only where a mark identical or similar to the registered trade mark is used for goods or services identical or similar to the designated goods or services. If such identical or similar mark is used for different goods or services and causes dilution by blurring or dilution by tarnishment, such acts could be restricted as an act of unfair competitions under the UCPA subject to certain requirements. Cybersquatting could constitute a trade mark infringement and/or unfair competition (see 7.2 Legal Grounds for Filing Infringement Lawsuits).

8.5 Effect of Registration

Upon registration of a trade mark, the registrant obtains the trade mark right of the registered mark and is entitled to seek damages and injunctive relief. Negligence of the defendant who infringes a trade mark right is presumed under the Trade Mark Act. Presumption of the damages is also available for a trade mark owner (see 9.1 Injunctive Remedies).

8.6 Defences Against Infringement

If the defendant has used a mark and the mark has become famous prior to the registration

of the trade mark at issue, the defendant can claim “prior use” as a defence. Furthermore, the defendant may claim that a trade mark is a generic term or that the use thereof is only descriptive (ie, indicating the contents, quality, origin, shape, or materials) and/or that the defendant’s mark is not being used as an indicator of origin (ie, a “trade mark use”). In addition, the defendant may also claim abuse of trade mark rights if there is any ground for invalidation or cancellation of the trade mark registration.

Non-use of a trade mark cannot be directly claimed as a defence. Nevertheless, non-use of a trade mark for a continuous period of three years or more could be grounds for cancellation of the trade mark registration and therefore the defendant may claim abuse of rights on the ground of non-use for such period.

As to the statute of limitations, the trade mark owner cannot claim damages for an infringement when more than three years have passed from the date on which the trade mark owner became aware of the infringement and the identity of the infringer that caused the damage, and there is an overall limit of ten years from the act of infringement.

8.7 Obtaining Information and Evidence

Although there is no discovery procedure in Japan, the Trade Mark Act provides that a court can order a party to produce documents upon the other party’s request for the purpose of proving infringement activities or calculating damages, provided that this shall not apply where there are reasonable grounds for the alleged infringer possessing the documents to refuse production.

8.8 Role of Experts and/or Surveys

Expert opinions and surveys can be used as substantive evidence for certain legal issues,

such as the likelihood of confusion, secondary meaning or genericness. However, given that the court may consider such evidence to be somehow partial or biased, this evidence is unlikely to be decisive and the court will determine the case taking into account all other evidence as well.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement can constitute a criminal offence; however, there is no such administrative offence under Japanese law. The criminal offence of trade mark infringement by way of using a mark identical to the registered trade mark for the designated goods or services carries a penalty of up to ten years’ imprisonment and a fine of up to JPY10 million for those infringing upon the trade mark. Using a mark similar to the registered trade mark for the designated goods or services — or using a mark identical or similar to the registered trade mark for goods or services similar to the designated goods or services — carries a penalty of up to five years’ imprisonment and a fine of up to JPY5 million.

8.10 Costs of Litigating Infringement Actions

For filing litigation, a stamp fee will be incurred, the amount of which will vary depending on the amount of claim of the case. The other costs are mainly for attorneys’ fees and are dependent on the case and the individual attorney’s fee structure.

9. Remedies

9.1 Injunctive Remedies

As an injunctive relief, the court may order the defendant to cease the infringing action. In addition, the court may order the defendant to take measures necessary to restore the business

credibility of the trade mark owner, such as publication of an apology. The trade mark owner can also seek disposal of the infringing goods.

The judge has discretion to determine the appropriate remedies or amount of damages provided that such discretion is only within the scope of claims sought by the plaintiff (ie, if the plaintiff does not seek an injunctive relief, the judge cannot order such relief).

Injunctive relief is available where infringement continues, or it is likely to be resumed even if it ceases for a period of time. Preliminary injunctions are available under the Civil Preservation Act in cases where injunctions are necessary for a rights owner to avoid any substantial detriment or imminent danger with respect to the trade mark rights in dispute. A defendant can oppose a preliminary injunction on the ground that there is no such necessity or infringement has been already ceased and it is unlikely that the defendant will resume the infringement.

9.2 Monetary Remedies

Damages or an account of profit is available as a remedy for trade mark infringement under the Civil Code. Attorneys' fees can be recovered as part of the damages, although this recovery is very limited; in practice, around 10% of the total amount of damages is awarded as the amount of reasonable attorneys' fees by the court. A trade mark owner can only seek compensatory damages.

Claims for enhanced damages (eg, punitive damages) are not eligible, even in cases of wilful infringement. The Trade Mark Act provides for certain presumptions of the damages that are to be calculated based on the profit from the infringement or the assumed royalties. The judge has discretion to determine the appropri-

ate remedies or amount of damages provided that such discretion is only within the scope of claims sought by the plaintiff (ie, if the plaintiff does not seek an injunctive relief, the judge cannot order such relief) and within the amount of the claim made by the plaintiff. In addition, a trade mark owner may request banks to freeze the bank accounts that infringers have used to receive prices for counterfeit goods.

The judge has discretion to determine the appropriate amount of damages provided that such discretion is only within the scope of claims sought by the plaintiff and within the amount of the claim made by the plaintiff.

Damages are awarded once the judge finds the infringement caused any detrimental effect on the plaintiff's business.

9.3 Impoundment or Destruction of Infringing Articles

As a part of injunctive relief, the trade mark owner can also seek disposal of the infringing goods.

9.4 Attorneys' Fees and Costs

In general, court costs are borne by the losing party. However, the proportion of the responsibility for the court costs is left up to the court's discretion and the court may allocate the responsibility for the court costs to the prevailing party in proportion to the part of its claim not accepted by the court.

The court costs do not include attorneys' fees; thus, generally speaking, each party must bear their own attorney's fee. The plaintiff may seek compensation for their attorney's fees as part of the damages but the recovery rate is left up to the court's discretion and it is usually quite limited, even if the plaintiff wins the case (in practice

the court admits approximately 10% of the total amount of damages).

9.5 Ex Parte Relief

In principle, it is mandatory under Civil Provisional Remedies Act that the application of preliminary injunction will be served to the defendant and hearing is held with the attendance of the defendant.

9.6 Rights and Remedies for the Prevailing Defendant

If the defendant prevails, the court can order the plaintiff to pay the court costs (such as transportation fees to attend court hearings and daily allowances for witnesses), provided that the court costs do not include the defendant's attorneys' fees or other costs incurred by the defendant in the course of the procedure. There is no right or remedy for a prevailing defendant to recover their own costs.

The prevailing defendant may seek damages arising out of the infringement litigation, including their attorneys' fees, if the litigation itself is considered to constitute a tort on the following grounds.

- An allegation of trade mark infringement is entirely baseless and the trade mark owner is fully aware of the lack of legal grounds.
- Such litigation is quite unreasonable.
- The lawsuit itself should therefore be considered to constitute a tort. However, the courts rarely accept such claims.

9.7 Customs Seizures of Counterfeits or Criminal Imports

Japan Customs seizes counterfeit goods upon the request of the owner of a registered and/or well-known/famous trade mark, or at Customs' discretion.

Parallel imports will not be subject to Customs seizure if they are considered to be the parallel importation of genuine goods. According to the precedents, parallel imports will not be considered as infringement if:

- the trade mark on the parallel imported goods is duly affixed under the authorisation of the trade mark owner or its licensee in a foreign jurisdiction;
- the trade mark on the parallel imported goods indicates the same origin as that of the Japanese registered trade mark, on the grounds that the trade mark owner in the foreign jurisdiction is the same as that in Japan, or the trade mark owners in both jurisdictions have so close a relationship that they could be legally or economically treated as the same person; and
- there is no substantial difference in quality guaranteed by the trade mark between the parallel imported goods and the products to which the trade mark was attached by the Japanese trade mark owner.

The trade mark owner submits a written request for seizure of certain counterfeit goods to Japan Customs and Japan Customs will seize those goods. Meanwhile, if Japan Customs finds any suspicious goods by itself, it will contact the trade mark owner to confirm whether the goods are counterfeit goods and, upon receiving confirmation from the trade mark owner, seize the goods at its discretion.

9.8 Different Remedies for Different Types of Trade Marks

There are no different remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

The judge usually takes the initiative on settlement negotiations unless the parties clearly refuse to settle the case. In no event will the defendant be obliged to settle the case. Generally speaking, the court prefers to resolve cases via settlements rather than judgments.

The judge may disclose or imply to the parties (or only one party) their unofficial opinion on the case to facilitate the settlement negotiations. The judge will cease settlement negotiations if one party decides that they require a court decision rather than a settlement.

10.2 Prevalence of ADR

ADR is not a common way to settle trade mark cases in Japan. However, ADR, such as mediation or arbitration, is available and the Japan Intellectual Property Arbitration Centre (JIPAC) is the sole ADR organisation that provides for dispute resolution in the field of IP. Further, since 2019, the IP mediation system has been introduced by the courts and is expected to settle a trade mark case quickly and cost-effectively.

10.3 Other Court Proceedings

Even if there are any pending parallel revocation or infringement proceedings, the current proceedings will not normally be stayed and the court will separately and independently make the judgment for the case. The court can even dismiss the claim for infringement on the grounds that the trade mark at issue is invalid, without the need to conduct a revocation proceeding, which means that it is possible for there to be a contradiction between two cases on the same subject matter. However, in practice, the High Court, as the Court of Second Instance, will make consistent judgments with those cases so

that any such contradiction in the first instance will be resolved.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

The losing party may appeal to the second instance, such as the IP High Court, within two weeks from the date on which a written judgment is served to the losing party. The timeframe for the appeal is dependent on the case in question; however, according to a report published by the IP High Court, the current average period for trial of IP-related cases in the Appeal Court is less than eight months.

11.2 Special Provisions for the Appellate Procedure

Generally speaking, there is no special provision concerning the appellate procedure for trade mark proceedings.

It should be noted, however, that if the District Court of First Instance is located within the jurisdictional district of the Tokyo High Courts, the appeal court for a trade mark case will be the IP High Court, which specialises in IP matters. Conversely, if the District Court of First Instance is located within the jurisdictional district of the other High Courts, the appeal court will not be the IP High Court but the respective High Court with jurisdiction over the relevant district.

11.3 Scope of the Appellate Review

The High Court, as the Court of Second Instance, conducts not only a legal review of the case, but also a full review of the facts found by District Courts in the first instance. The High Court can also conduct factual findings on its own. A party may submit additional legal arguments,

facts or evidence to the Appeal Court, unless an additional claim is considered to cause delay to the procedure due to that party's fault. The Supreme Court, as the Court of Third Instance, only reviews the legal issues of the case.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Technically speaking, if a trade mark is so creative as to be considered as "copyrighted work" under the Copyright Act (such as a unique device mark), it can be protected by copyright; however, in practice, trade marks are often considered insufficiently creative, especially for word marks.

Under the Japanese Copyright Law, an author of a copyrighted work has the right to be identified and named as the author of their work (ie, right of attribution) as a moral right and, even if the surname of author is registered as trade mark by a third party, this moral right does not conflict with the trade mark rights as indicating their own name in a common manner is not considered trade mark infringement under Article 26.1.1 of the Trade Mark Act. In the first place, a mark composed solely of a common surname may not be registered as trade mark as it is regarded as an indistinctive mark under Article 3 of the Trade Mark Act.

Copyrights or moral rights do not limit the scope of trade mark rights under the Japanese law, although use of the trade mark by the trade mark owner may infringe on the copyright vested in the mark if the mark is protected by copyright and the copyright is owned by a third party. A trade mark owner can execute its trade mark right regardless of the copyright vested in a mark and vice versa.

12.2 Industrial Design

A trade mark can be protected as a design patent if its design (typically its shape) satisfies requisites such as novelty and creative difficulty, and is registered as a design patent under the Design Act. A trade dress could be protected under the Unfair Competition Prevention Act if it is well known or famous as an indicator of origin of goods or service.

12.3 Rights of Publicity and Personality

Under the Japanese law, rights of publicity or personality is protected primarily by one's moral right to their name and their likeness. In addition, one may seek protection of their name and/or likeness by registering it as a trade mark. If their name and/or likeness is well-known or famous, in theory, protection under the Unfair Competition Prevention Act may also be available.

In relation to trade mark protection, it should be noted that no one can register a trade mark incorporating another's name or likeness. Therefore, any unauthorised trade mark application for a celebrity's name would be refused if it is identical to the celebrity's name.

12.4 Unfair Competition

Under Article 2.1.1 of the UCPA, regardless of registration of a trade mark, if a mark is well-known as an indicator of origin of goods or services among the customers, the use a mark that is identical or similar to the well-known mark and causes a likelihood of confusion among the customer constitutes an act of unfair competition. Further, under Article 2.1.2 of the UCPA, if a mark becomes famous (ie, more than well-known) as an indicator of origin of goods or services, using of a mark that is identical or similar to the famous mark constitutes an act of unfair competition regardless of a likelihood of confusion. In addition, with respect to a domain name,

registration or use of a domain name that is similar or identical to a third party's trade mark for the purpose of illicit gain or harm to the trade mark owner constitute an unfair competition under Article 2.1.19 of the UCPA.

13. Additional Considerations

13.1 Emerging Issues

The Trade Mark Act was amended in 2021 and came into force in October 2022. Under the amendment, if any person outside Japan commercially causes a third party to bring infringing goods into Japan, such an act shall be considered to constitute an "import" by the person outside Japan and this therefore falls under trade mark infringement regardless of the purpose of import of the third party. Under the Trade Mark Act, non-commercial use of a trade mark does not constitute trade mark infringement. Thus, in this respect, before the amendment, Customs was not able to suspend the importation of infringing goods if those importing the products claimed that they were personally importing the goods for non-commercial purposes (so-called "private imports"). However, under the amendment, if the infringing goods are exported by a distributor from abroad to Japan for commercial purpose, this is considered the "import" of the infringing goods by the distributor and constitutes a trade mark infringement regardless of the purpose of the importers in Japan. Consequently, this amendment has made it possible for Customs to suspend the import of infringing goods even if the importer claims private imports, so long as the infringing goods are commercially exported from abroad.

13.2 Trade Marks and the Internet

Under the Act on the Limitation of Liability for Internet Service Providers, if an internet service provider that provides online platform services or its users distribute any information that constitutes a trade mark infringement on the platform services, upon request of the trade mark owner, the service provider is required to disclose identity information of such infringing user to the trade mark owner, and it may remove the infringing information on certain conditions without the consent of the infringing user. Conversely, if the service provider leaves the infringing information without any corrective action in spite of a request from the trade mark owner, the service provider could be liable for such infringement.

13.3 Trade Marks and Business

There are no such special rules or norms regarding trade marks as used in business.

TMI Associates is one of the largest law firms in Japan and has a strong IP practice that has been an integral part of the firm since its establishment in 1990. Since the firm's founding, IP practice has been one of its most important pillars, and the firm has progressively consolidated its reputation as having the best legal advisers in the IP field in Japan. The firm's IP practice group consists of more than 80 IP lawyers, 85

patent/trade mark attorneys and 85 paralegals, who work together on all aspects of IP law, including patent/trade mark prosecution, trials before the Japan Patent Office, infringement litigation, IP due diligence and import suspension applications at Customs. They respond in a highly effective manner to the needs of clients across a wide variety of businesses and technologies, all around the globe.

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Trends and Developments

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Development of Provisions on Enhancement of Border Enforcement on Trade Mark Rights in Japan

Until quite recently, Japan Customs could not confiscate counterfeit goods shipped to individuals in Japan from foreign businesses by mail or courier for their personal use because non-business activities did not constitute trade mark infringement under the Trade Mark Act of Japan before it was amended in 2021. The amendment of the Trade Mark Act in 2021 and the amendment of the Customs Act in 2022, both of which came into effect on 1 October 2022, enabled Customs to confiscate such counterfeit goods. Even if the addressees assert that they purchased the goods for their personal use, Customs may now confiscate the goods once it finds that they are counterfeit goods purchased from foreign businesses and that the addressees may not ultimately receive them. This section explains the amendments to the Trade Mark Act and the Customs Act and their effects.

Outline of the amendments

In Japan, goods that infringe intellectual property rights are subject to confiscation at borders. If Japan Customs suspects that imported goods are infringing intellectual property rights, it will institute procedures (known as “identification procedures”) to determine whether such goods infringe intellectual property rights pursuant to the Customs Act of Japan. Please see an outline of the procedures [here](#).

The amendment to the Trade Mark Act in 2021 made it clear that acts by a person in a foreign country that cause another person to bring trade

mark infringing goods into Japan from a foreign country on a regular basis constitute an infringement of trade mark rights.

In accordance with the amendment to the Trade Mark Act in 2021, the Customs Act, which provides the procedures for the enforcement of intellectual property rights at the borders of Japan, was amended in 2022. If an importer/addressee argues that the suspected goods do not fall under prohibited goods, the amended Customs Act grants to the Director General of Customs the right to request that such importer/addressee submit documents that support such argument during the identification procedures. The amended Customs Act and the amended Trade Mark Act came into force on 1 October 2022.

The five categories of documents that the Director General of Customs can request to be submitted and specific examples of each category are as follows.

- Documents concerning the background and purpose of the attempt to import the suspected goods:
 - (a) emails, letters, etc, exchanged between the importer/addressee and the consignor concerning the suspected goods; and
 - (b) emails, etc, pertaining to the order confirmations on the website where the importer/addressee obtained the suspected goods.
- Documents certifying the name, domicile and occupation or business of the importer/addressee and the consignor:

- (a) identification cards (driver's licences, employee identification cards, etc), company certificates of registered matters, etc, of the importer/addressee and the consignor.
- Documents stating the nature, shape, function, quality, purpose and other characteristics of the suspected goods:
 - (a) product explanations and design drawings, etc, in respect of the suspected goods.
- Documents regarding whether or not the intellectual property right-holder granted a licence to import the suspected goods:
 - (a) documents stating that the intellectual property right-holder granted a licence to import the suspected goods.
- Other relevant documents:
 - (a) identification cards (driver's licences, employee identification cards, etc), company certificates of registered matters, etc, of the entity to whom the importer/addressee intends to transfer the suspected goods, if any;
 - (b) the website where Customs can find the information of the consignor; and
 - (c) documents stating a compelling reason for not being able to submit the documents listed in the main points above, if applicable.

Customs will determine whether the suspected goods infringe intellectual property rights by comprehensively taking into account various circumstances, such as:

- whether the importer/addressee filed an objection;
- whether the importer/addressee submitted documents in response to a request by the Director General of Customs;
- the contents of the submitted documents;

- the opinions and evidence submitted by the intellectual property right-holder; and
- the facts found through the examination by Customs (the import purpose, the occupation or business of the importer/addressee and the consignor, the details of the import transactions, the quantities and circumstances of the imported goods and the past records in respect of importations and the commencement of the identification procedures, etc).

If the importer/addressee did not file an objection or submit any documents in response to the request by the Director General of Customs, the importer/addressee shall be regarded as not having argued that the suspected goods do not fall under goods infringing intellectual property rights and, in general, Customs should determine that the suspected goods fall under infringing goods.

Due to the amendments of the Trade Mark Act and the Customs Act, counterfeit goods shipped from foreign businesses are now regarded as goods infringing trade mark rights even if they are purchased for personal use, and such goods are subject to confiscation at the borders of Japan by Customs. In addition, if the importer/addressee argues that the suspected goods do not fall under infringing goods, Customs now has the right to require that the importer/addressee submit certain documents.

Analysis

As a result of the development of cross-border e-commerce, the importation of counterfeit goods through direct transactions between foreign businesses and individual purchasers has been rapidly increasing. The above amendment strengthens Customs' authority, enables Customs to collect information about transactions of counterfeit goods more easily and will

contribute to the proper protection of Japanese trade mark rights. For example, if the document submitted by the importer/addressee shows that they ordered the counterfeit goods on a global e-commerce website, Customs can easily determine that the goods are infringing. On the other hand, if the shipment of counterfeit goods is from an actual friend, the importer/addressee can easily submit documents such as emails and photographs to prove the personal relationship with the friend to Customs. By doing so, the importer/addressee can avoid confiscation of the goods. Therefore, the amendment enables Customs to more properly make a determination on whether the suspected goods are infringing based on its strengthened authority, and the legal interests of both intellectual property right-holders and importers/addressees will be properly secured.

In fact, some counterfeit goods have already been abandoned by individual importers/addressees after they submitted the documents stating that they had purchased the goods on a global e-commerce website after the amendment came into force. The opinions and evidence submitted by the right-holders are one of the key resources in determining whether the suspected goods are infringing. It would be advisable for trade mark right-holders to carefully check the documents submitted by the importer/addressee and submit opinions to Customs stating that the transaction of the suspected goods is a business transaction based on the documents submitted by the importer/addressee. It is expected that foreign businesses dealing in counterfeit goods will attempt to circumvent the enhanced enforcement measures, the number of documents submitted by importers/addressees will increase and some of the documents may be less credible. Therefore, the right-holder's role will be more important than before.

Registration of Trade Marks Containing Another Person's Name May Become Easier

The current Trade Mark Act provides that trade marks that contain the name of another person or a well-known abbreviation thereof (except those the registration of which has been approved by the person concerned) cannot be registered. This provision has been strictly applied so far. For example, when someone wishes to obtain a trade mark registration of their own name, it is necessary to obtain consent from all people who have the same name. It has been pointed out that this provision and its strict application do not promote the proper protection of brand names consisting of names as trade marks.

Matsumotokiyoshi

Under such circumstances, a distinctive Intellectual Property High Court decision was rendered on 30 August 2021 in a lawsuit concerning the trade mark registration of Matsumotokiyoshi Co Ltd, a well-known drugstore chain in Japan. The company name "Matsumotokiyoshi" comes from the name of its founder, Kiyoshi Matsumoto; both his family name "Matsumoto" and his given name "Kiyoshi" are very common in Japan. In Japanese, in terms of order, usually one's family name comes first, followed by one's given name. The company applied for registration of a sound trade mark consisting of musical elements described in the form of staff notation and a linguistic element, the lyrics "Ma-tsumo-to-ki-yo-shi"; however, the examiner of the Japan Patent Office (JPO) rejected the application due to the violation of the above provision. The company filed an appeal with the JPO's appeal board and the JPO dismissed the appeal. The company subsequently filed an appeal with the Intellectual Property High Court (IPHC) and the IPHC rescinded the decision of the JPO.

The IPHC ruled that the indication “Matsumotokiyoshi” was famous throughout Japan as indicating the name of the stores of the drugstore “Matsumotokiyoshi,” the company itself, or its group companies and that a sound identical to or similar to the applied for trade mark containing the linguistic element (lyrics) of “Ma-tsu-mo-to-ki-yo-shi” was widely known as an advertisement (a phrase in a commercial song) of the drugstore “Matsumotokiyoshi” as a result of being used in TV commercials and in each retail store of the drugstore “Matsumotokiyoshi”. Moreover, the Court ruled that, at the time of the application for trade mark registration, it was usually the name of the drugstore “Matsumotokiyoshi” and the company name, the company itself, or its group companies that a person who came across the applied for trade mark associated it with or recalled from the sound containing the linguistic element (lyrics) of “Ma-tsu-mo-to-ki-yo-shi” in the composition of the applied for trade mark. Ordinarily, it could not be found that the sound was associated with or reminded one of another person’s name that could be read as “Matsumoto Kiyoshi”. Therefore, it could not be said that the sound was recognised as one generally indicating the name of a person. Consequently, the applied for trade mark was not found to constitute a trade mark containing “the name of another person”.

Regulatory developments

In light of the above development, at the JPO’s Patent Office Policy Promotion Conference in April 2022, discussions commenced on easing the requirements for registering trade marks containing another person’s name and the Conference released a report on 30 June 2022, which expressed the opinion that it was appropriate to discuss amending the provision in order to relax the requirement. Subsequently, on 22 November and 23 December 2022, the Trade Mark Sys-

tem Subcommittee of the Intellectual Property Committee of the Industrial Structure Council of the Ministry of Economy, Trade and Industry presented a proposal for easing the requirements for registering trade marks containing another person’s name. The Subcommittee proposed that a requirement regarding the recognition of another person’s name in the applied for trade mark should be added to the required conditions of the provision and that the circumstances of the applicant should also be taken into account in applying the provision. Regarding the latter issue, the Subcommittee proposed a revision whereby no trade mark containing another person’s name can be registered if the applicant does not have reasonable grounds to apply for the registration of the trade mark containing another person’s name. For example, a trade mark registration should be approved if the applicant has a relation to the name contained in the trade mark. On the contrary, an application for trade mark registration should be rejected if the applicant’s motive for registration is harassment or resale. This proposal aims to balance the applicant’s interests with the moral interest of another person in their name by preventing abusive applications. The Subcommittee was calling for opinions from the public about the proposal until 24 January 2023.

As mentioned in the introduction to this section, the current provision imposes a strict requirement for registering trade marks containing another person’s name, providing that such a trade mark application cannot be approved unless the consent of the person is obtained, regardless of whether or not the name is well-known to the public as another person’s name. On 10 March 2023, the Cabinet of Japan proposed a bill to amend the Trade Mark Act, which stipulates that a trade mark that contains another

er person's name which cannot be registered shall be limited to:

- a trade mark that contains another person's name well known among consumers in the field of goods or services in connection with which the trade mark is to be used; and
- a trade mark that contains another person's name and does not meet the requirements to be set forth in a Cabinet Order.

In light of the aforementioned proposal presented by the Subcommittee, it is expected that the Cabinet Order will require a situation where the applicant has reasonable grounds to apply for the registration of such a trade mark.

JAPAN TRENDS AND DEVELOPMENTS

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Nagashima Ohno & Tsunematsu is the first integrated full-service law firm in Japan and one of the foremost providers of international and commercial legal services based in Tokyo. The firm's overseas network includes offices in New York, Singapore, Bangkok, Ho Chi Minh City, Hanoi and Shanghai, and collaborative relationships with prominent local law firms throughout Asia and other regions. In representing leading domestic and international clients, the firm has successfully structured and negotiated many

of the largest and most significant corporate, finance and real estate transactions related to Japan. In addition to its capabilities spanning key commercial areas, the firm is known for path-breaking domestic and cross-border risk management/corporate governance cases and large-scale corporate reorganisations. The firm's staff of over 500 lawyers collaborates in customised teams to provide clients with the expertise and experience specifically required for each client matter.

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Trends and Developments

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Shearn Delamore & Co see p.271



The Position of Trade Mark Disclaimers

A disclaimer is often inserted in a legal context to limit one's contractual or legal right or liability to a title or property. In the context of trade marks, a disclaimer functions to renounce a trade mark owner's exclusive rights towards certain elements in the trade mark in the form of an insertion of a disclaimer. Such a disclaimer prevents a registered trade mark proprietor from claiming exclusivity on the common, generic or descriptive elements in the trade mark.

A disclaimer allows the owner to obtain proprietary rights towards the distinctive portion of the trade mark while ensuring that the descriptive or generic portion of the trade mark is free to be used by other individuals and businesses without facing legal repercussions. In essence, the trade mark proprietor is renouncing its exclusive trade mark rights to the parts or elements of a trade mark which have been disclaimed (*British-American Tobacco Co Ltd v Tobacco Importers & Manufacturers Ltd & Ors* [1963] 1 MLJ 196 (“British-American Tobacco”)).

Disclaimers are often inserted to disclaim laudatory terms such as “loud” or “big”, a geographic term such as a name of a country or a place, a generic word, or even a common symbol such as the dollar symbol, \$. The effect and applicability of disclaimers have been discussed in various cases, one of which is the recent case of *Ortus Expert White Sdn Bhd v Nor Yanni bt Adom & Anor* [2022] 2 MLJ 6 (“Ortus”), where in the words “Royal” and “Expert White” were

disclaimed in the “Royal Expert White” trade mark (pictured [here](#)) for cosmetic products. As quoted by the apex court, “[N]o exclusive trade mark rights may be claimed in relation to disclaimers... A third party may use such parts in their trade mark for registration... [T]he plaintiff therefore has no exclusive right to the use of the disclaimed words ‘Royal’ and ‘Expert White’”. Flowing from that, a trade mark proprietor does not have exclusive use of the disclaimed element. This lies in the rationale that a disclaimer defines the scope of the trade mark owner's proprietary rights so that elements which are generic or common to trade would be open for public use and would not impede on the rights of third parties who may intend to use such elements in the ordinary course of business.

Disclaiming trade mark registration rights

Provisions on disclaimers are provided for under the present Trademarks Act 2019 and the preceding Trade Marks Act 1976, which provide that a trade mark proprietor does not own exclusivity to the disclaimed portion of a trade mark (Section 45(5) of the Trademarks Act 2019 and Section 18(2) of the Trade Marks Act 1976 respectively).

Specifically, under the new statute, trade mark applicants can voluntarily apply for a disclaimer under Section 30 of the Trademarks Act 2019 whereas such provisions were not expressly stipulated in the preceding statute. Nevertheless, both the new and preceding statutes enable the trade mark proprietor to request the registrar

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to enter a disclaimer in the trade mark under Section 43(1)(c) of the Trademarks Act 2019 and Section 43(1)(c) of the Trade Marks Act 1976.

This then begs the question as to why a trade mark proprietor would voluntarily insert a disclaimer in the trade mark to restrict the exclusive rights of a trade mark owner? In the process of securing trade mark registration rights, the trade mark proprietor may voluntarily disclaim certain features in the trade mark or be directed by the examining trade mark officer to accept a disclaimer to forestall objections on non-distinctiveness of certain descriptive and/or generic features of the trade mark. In many respects, the disclaimer acts as the applicant's bargaining chip and allows its trade marks with descriptive elements to be registered. A trade mark which is subjected to such a disclaimer will still confer the trade mark proprietor with the right to use the combination of the "distinctive" and "non-distinctive elements" of the trade mark (*Jyothy Laboratories Ltd v Puaneswaran a/l Rengathan & Ors* and another suit [2019] MLJU 208, High Court).

The insertion of a disclaimer on a trade mark is a useful means of securing registration rights of a trade mark which comprises of a combination of both a "distinctive element" and a "common/descriptive element". The ability to offer the disclaimer pre-empts likely objections that will be raised by the registrar, thus expediting the prosecution process of a trade mark registration. Whilst this may be the case, there must be some exercise of caution when registering and/or using trade marks consisting of a disclaimer in light of the decision in the *Ortus* case. In *Ortus*, it was held that the likelihood of confusion between marks that comprise a disclaimed element is not entirely discounted when comparing the marks, as further discussed below.

Assessment of disclaimers in determining likelihood of confusion

The position in relation to how disclaimers should be considered in a trade mark infringement action had remained rather unclear until the recent development in the apex court in the *Ortus* case. The apex court delved into how disclaimers should be considered, ie, whether a disclaimer should be ignored entirely or whether a disclaimer should be read in juxtaposition or in combination with the essential elements of a trade mark, ie, an assessment in totality when determining the likelihood of confusion in a trade mark infringement action.

Previous decisions considering disclaimers

The role and effect of a trade mark disclaimer has been formed in judicial precedents through court judgments over the past years. In the past, the Malaysian courts have mainly relied on the principle that a trade mark infringement cannot be decided solely based on the use of the disclaimed element and have indirectly disregarded the disclaimed element in their comparison for trade mark infringement.

In the case of *Sanbos (Malaysia) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd* [2008] 3 MLJ 100 ("*Sanbos*"), the High Court pointed out that the numerals "99" and "999" in the plaintiff's trade mark registrations for "CLUB 99" and "CLUB 999" should be disregarded when comparing with the defendants' trade mark, "TRIPLE 999", in determining whether the two marks were confusingly similar. The High Court based its reasoning on the fact that the numerals "99" and "999" in the plaintiff's trade mark registrations had been disclaimed.

Subsequently, in the case of *Shizens Cosmetic Marketing (M) Sdn Bhd v LVMH Perfumes and Cosmetics (M) Sdn Bhd* [2019] MLJU 1377 ("*Shi-*

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zens”), the High Court amongst others opined that the disclaimed word “Lip” in the plaintiff’s registered trade mark of “Lip Tattoo” cannot be considered in deciding whether the defendants’ use of “Dior Addict Lip Tattoo” had infringed the plaintiff’s registered trade mark of “Lip Tattoo”. The High Court’s rationale was founded on the principle that the plaintiff had no exclusive right to the disclaimed word “Lip” in “Lip Tattoo”.

The totality approach

The Ortus case hinged on the issue as to whether the court in determining the likelihood of confusion between the plaintiff’s and the defendant’s trade marks should either:

- disregard the disclaimed words in their entirety; or
- consider the disclaimed words, “Royal” and “Expert White” in juxtaposition or combination with the essential features of the trade mark, ie, the Crown device and the Diamond shaped device (see the registered trade marks of the plaintiff [here](#) and the defendant [here](#)).

In the course of the analysis and reconciliation of a myriad of case laws on disclaimers decided in the past (as discussed above), the apex court in Ortus propounded a point of law – courts can consider the disclaimed words in juxtaposition or in combination with the essential features in determining the likelihood of confusion in a trade mark infringement action. This effectively means that when comparing trade marks in a trade mark infringement action, they must be compared in totality, including their disclaimed portion. This approach runs in line with the well-established notion that trade marks must be compared as wholes.

The apex court reversed the Court of Appeal’s decision based on the fact that the Court of Appeal had:

- disregarded the disclaimed words “Royal” and “Expert White” entirely;
- failed to consider what the essential features of the plaintiff’s registered trade mark are; and
- effectively omitted the principle of imperfect recollection.

The principle of imperfect recollection meant that in determining the likelihood of confusion, the judge must don the hat of a consumer or a potential consumer who does not have a photographic recollection of the details of the whole mark but merely a general impression of the mark and remembers the mark by this general impression (Blanco White TA & Jacob Robin on Patents, Trade Marks, Copyright and Industrial Designs).

In reinforcing the point that the disclaimed words should be considered in juxtaposition or combination with the essential features of the trade mark, the apex court cited Ambrose J’s judgment in the Singaporean case of British-American Tobacco, where Ambrose J had accepted a passage in Kerly’s Law of Trade Marks and Trade Names (Eighth Edition):

“The effect of a disclaimer is that the proprietor of the registered trade mark cannot claim any trade mark rights in respect of the parts of the mark to which the disclaimer relates, so that, for instance, no action for infringement lies in respect of the use or imitation of the disclaimed particulars.”

The apex court in its judgment also highlighted that Ambrose J’s judgment in British-American Tobacco had often been miscited in support of

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the position that the courts should disregard the disclaimed words in deciding a trade mark infringement action. Such a stand was adopted by the High Court in *Sanbos* when citing *Ambrose J* in tandem with its decision that the disclaimed numerals in the plaintiff's registration should be disregarded when determining whether the defendant's mark was confusingly similar to the plaintiff's marks. The same approach was also taken by the High Court in *Shizens*.

However, the apex court pointed out that such a reliance is misconceived as *Ambrose J* had in fact held in *British American Tobacco* that, when comparing marks, the proper course is to look at the marks as wholes and not to disregard the common parts. Based on the view that trade marks must always be observed and compared in totality, the apex court took the position that the proper and consistent manner of determining the likelihood of confusion in a trade mark infringement action is for the courts to compare the trade marks as wholes, including the disclaimed words as well as the essential features. The apex court's decision basically means that, in considering the likelihood of confusion in a trade mark infringement action, both the "disclaimed element" together with the "essential elements" must be considered in totality.

A disclaimed element is not an essential element

In this same case, the apex court held that a disclaimed element cannot be regarded as an essential feature of the trade mark. An essential feature would mean that the mark comes to be remembered by some feature in it which strikes the eye and fixes itself in recollection (*Saville Perfumery Ltd v June Perfect Ltd and FWWoolworth & Co Ltd* (1941) 58 RPC 147). The identification of an essential feature is achieved partly through the court's own judgment and partly based on

evidence before the court (*JS Staedtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] MLJU 569; *British-American Tobacco; and Manufacturing Co Ltd v Notek Engineering Co Ltd* (1951) 68 RPC 271). Since a disclaimer is often inserted to disclaim a generic, common or descriptive element in a trade mark, it cannot be considered as an essential feature.

However, it is to be borne in mind that despite the above position, the apex court held that the "disclaimed element" should still be considered in juxtaposition or in combination with the "essential features" of the mark in determining the likelihood of confusion. This said finding begs the question as to the degree of importance that should be placed on the disclaimed element as opposed to the essential elements of the trade mark, and whether they should be accorded the same weightage? The apex court held that a mark cannot be said to resemble another mark despite sharing many identical elements with the other mark if the essential features of that mark are not incorporated in the other. Simultaneously, it was recognised that in considering the similarity of two marks, "the significant factors are the essential features". Thus, it can be inferred that the apex court's findings appear to lean towards the proposition that while both the "disclaimed element" and "essential features" should be considered in totality, the essential features should be given more weightage in determining whether two marks are confusingly similar to each other.

Applicability of the judgment

It has often been understood that disclaimers which renounce the exclusive right to certain features of a mark are not considered as essential features of a trade mark as they are often inserted to disclaim a generic, common or descriptive element in a trade mark. Whilst this

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may be the case, a trade mark disclaimer does not exempt the disclaimed portion of the trade mark from being considered during an assessment of similarity and likelihood of confusion in trade mark infringement cases.

The way forward

The Ortus case has shed some light on the treatment of disclaimers in that the courts are now required to assess the trade marks in totality, including the “disclaimed portion” as well as its “essential features” in determining the likelihood of confusion between two trade marks.

With the new development in Ortus, the impact of a disclaimer on the exclusive rights conferred to a trade mark owner has been diluted as the disclaimed element can still be considered when conflicting trade marks are compared. The disclaimer would increase the chances of securing a registration while at the same time ensuring that it is not completely disregarded in a trade mark infringement action.

Whilst a disclaimer provision can be a way around securing registration of a trade mark that comprises a non-distinctive element, the starting point for any brand owner should be to create a strong and distinctive trade mark which is capable of functioning as a brand identifier of its products and services, and this should take precedence over having descriptive terms in a trade mark which will thereafter be subject to disclaimer conditions.

MALAYSIA TRENDS AND DEVELOPMENTS

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Shearn Delamore & Co was established in 1905 and is one of the leading law firms in Malaysia. With over 100 lawyers and 230 staff, the firm has the resources to run and manage the most complex projects, transactions and matters. This would include co-ordinating and managing cross-border transactions together with the foreign and international law firms with whom it continuously works. By combining its diverse experience and interdisciplinary collaborations, Shearn Delamore & Co is able to provide a com-

plementary range of skills. The firm maintains extensive global network links with foreign law firms and multilateral agencies, including the World Law Group (WLG), the World Services Group (WSG) and the Employment Law Alliance (ELA). Shearn Delamore & Co formed an alliance with Drew & Napier LLC from Singapore, Martinez Vergara & Gonzalez Sociedad from the Philippines, and Makarim & Taira S. from Indonesia, to launch a blue-chip legal network named Drew Network Asia (DNA).

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MALAYSIA TRENDS AND DEVELOPMENTS

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trade mark, copyright, design, passing-off, geographical indication, trade secrets as well as complex patent cases involving pharmaceutical/life sciences, medical devices, oil palm and gloves, amongst others. She is often involved in precedent-setting cases in the Federal Court. She also advises and defends clients in prosecution matters involving, amongst others, the Control of Drugs and Cosmetics Regulations 1984. Her experience in IP litigation gives her added insight and context when it comes to advising her clients on other IP areas including trade mark prosecution, advisories/agreements, and enforcement.



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NETHERLANDS

Trends and Developments

Contributed by:

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Introduction

The traditionally territorial discipline of trade mark law currently finds itself at the mercy of globalisation. This contribution discusses the difficulties that the internet poses to global brand enforcement. Special attention goes to the emerging trend of courts attempting to expand their jurisdiction on trade marks outside their territorial limitations. Furthermore, this contribution discusses recent cases on platform liability in relation to trade mark enforcement and it sheds a light on the Digital Services Act, which entered into force in 2022. Finally, it walks through a variety of mentionable court cases from the past year.

Extraterritorial Brand Enforcement

Introduction

Since its birth, trade mark law has been characterised by its territorial nature. This means that once you are granted a trade mark, you will only be able to enforce your rights within the boundaries of the territory for which the trade mark is granted. This past year, we have discerned the trend of courts worldwide seeking to expand their jurisdiction to countries outside the trade mark's designated territories. Where does this urge come from and is it valid?

Globalisation through the internet and platforms

In the age of the internet, the borders that were drawn up centuries ago tend to get blurry. Of course, the internet was meant to connect people all around the world. So, this does not come

as a big surprise. However, it does pose issues as to who can claim jurisdiction and which rules apply to behaviour of its users.

To further complicate this matter, add the complexity of large, powerful and influential platforms to the equation. In light of brand enforcement, the most prominent example of such a platform is Amazon. Amazon is accessible from virtually anywhere around the globe. Its marketplace consists of a dual platform; it sells its own products but also third parties are allowed to sell and advertise their products on it. One of the key debates that plays on the forefront of platform regulation is how and when to hold such a platform liable when its users undertake illegal activities on it.

Not incidentally, the Court of Justice EU (CJEU) decided on a case involving Amazon's marketplace where a seller advertised, without authorisation, Louboutin heels displaying the red sole for which Louboutin holds an EU trade mark. The CJEU held that the use without authorisation by the advertiser on its platform cannot be attributed to the operator of an online marketplace. However, only so long as the normal and reasonably informed internet user would not perceive the advertisement as a commercial communication by the operator. As such, Amazon remained unscathed, but the trade mark owner was left to deal with the trade mark infringement on a much smaller and more complicated level, because it will need to address every single infringer individually.

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Additionally, considering the foregoing, this case is also exemplary of an EU trade mark holder seeking to enforce its rights against a globally operational platform.

Legislative initiatives

Due to these developments, legislatures have been attempting to regulate platforms for quite some time now. The most recent initiatives in Europe are the Digital Services Act (DSA) and the Digital Markets Act (DMA). The DSA seeks to protect the platform users' rights in terms of illegal content, transparent advertising and disinformation. The DMA addresses the concern of market access and transparency when large platforms operate as a "gatekeeper" in the online environment. Although the rules of both were finalised in 2022, they will not be applicable for all regulated entities until the first quarter of 2024.

In terms of brand enforcement, the DSA can be expected to make the most impact of the two. The DSA sets out to modernise the current liability exemption under the E-Commerce Directive that encourages passive behaviour by platforms in addressing illegal activity ([read more on this in our previous contribution from last year](#)).

The DSA will apply to online platforms that act as an intermediary within the EU to connect consumers with goods, services and content. In practice, this will mostly affect platforms that are headquartered and operated from outside the EU borders. Thus, again marking the tendency to supply the EU courts with extraterritorial reach.

EU courts attempting to expand their jurisdiction

Notwithstanding the imminent implications of the DSA, EU courts already attempt to broaden

their authority. A few examples from the past year are discussed below.

CJEU 14 July 2022, FETA

In the case between Greece and Denmark, the CJEU reprimanded Denmark for not blocking local companies from using the name "Feta" for sales outside the EU. Feta has been designated a traditional Greek product by the EU executive since 2002, and the CJEU endorsed this label in 2005.

Dutch Court of Appeals The Hague 17 May 2022 (Light in the Box v Hikvision)

The Dutch Court of Appeals claimed jurisdiction in a case between an Asian website and an EU trade mark holder in relation to security equipment (eg, cameras, systems). The Court of Appeals based its jurisdiction on the fact that this Asian website targets the EU market. It held that it was sufficient that the website itself offered and sold the products bearing the mark, which were destined for the European market. This was evident from the purchase.

Board of Appeals EUIPO 30 August Portal Golf v Augusta National: implications of Brexit in conjunction with the reputation of an older trade mark used outside the EU

This case concerns the opposition proceedings against the registration of the visual mark for Portal Golf. The opposition was initially filed by Augusta National that based its opposition on its predating reputation supported by its earlier EU trade mark "Masters". In doing so, it mainly provided evidence for the UK. However, as the UK separated from the EU, the evidence relating to its own territory cannot be taken into account to prove the reputation "in the EU". As such, it is clear that the EU courts remain protective of their own trade mark regime when parties from

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non-EU countries attempt to enforce their local rights on the EU market.

The trend of expanding jurisdiction is not unique to the EU

It should be said that the trend of courts (and legislatures) attempting to expand their jurisdiction for trade mark enforcement is not unique to the EU. This is also a highly relevant discussion in the US.

Plixer International, Inc v Scrutinizer GMBH, No 18-1195 (1st Cir. 2018)

This concerns a case between a US (Maine) corporation and a German corporation, Scrutinizer GmbH, where the German corporation was alleged to have infringed the US trade mark “Scrutinizer” of the Maine Corporation. However, the German company had no ties to the US, but was still considered to “continuously and deliberately” exploit the US market, since the German corporation used its website to obtain US customer contracts that yielded nearly USD200,000 in business over three-and-a-half years. Therefore, the court of appeals held that this is not a situation where a defendant merely made a website accessible in the US.

US Supreme Court Abitron Austria GmbH v Hetronic International Inc

On 4 November 2022, the US Supreme Court agreed to review the extent to which trade mark owners can use the Lanham Act to police foreign sales. In this case, Hetronic, a German company appealed to the Tenth Circuit’s decision that the Lanham Act can stretch to conduct that substantially affects US commerce, such as the products that were sold by Hetronic Germany to European customers that infringed Hetronic’s US trade marks. In this case, 97% sales were concluded in the EU. The US Supreme Court has

yet to decide on this potentially ground-breaking case.

Other Trends and Developments

Intergenerational battle over family name between trade mark holder and local rights-holder of the name “Meering”

CJEU June 2, 2022,

ECLI:EU:C:2022:438,C111/21 (Classic Coach Company)

On 2 June 2022, the Dutch Supreme Court submitted two preliminary questions to the CJEU regarding the explanation of the term “earlier right” of a trade name and the protection it has against a trade mark which has been registered at a later timing.

The case involved two Dutch touring car companies founded by two brothers in the seventies. The first brother (“Brother 1”) started using their family name “Meering” in its trade name in 1975. In 1991 the second brother (“Brother 2”) simultaneously started using their family name as part of the company’s trade name. After Brother 2’s passing in 1995, the two sons of Brother 2 took control of the business. They founded Classic Coach Company and after a few years the family name was shown on their touring cars as well. However, in 2008 Brother 1 had already registered “Meering” as a trade mark at the Benelux Office of Intellectual Property (BOIP). This leads to the question whether the trade name of Brother 2 is protected against any claims of Brother 1 regarding infringement on his later trade mark.

The CJEU ruled that in order to have a valid “earlier right” on a trade name, it is not required that the earlier rights-holder is able to prohibit the use of the “younger” trade mark. Besides, Brother 1 is no longer able to prohibit Brother 2 in exercising this “later right”, because he tolerated the Brother 2’s use for all these years.

However, what is required by European law, is that the earlier right of a trade name must be of a particular locality (ie, the name must carry local prominence) and cannot relate to the entire area for which the younger trade mark is registered. Consequently, the ruling means that Brother 2 may continue to use his older trade name, despite the registration of the later trade mark of that same name by Brother 1.

Trade mark on yellow stitch in Dr Martens Boots

Court of Appeals (Gerechtshof) The Hague April 26, 2022 ECLI:NL:GHDHA:2022:722 (Van Haren v Airwair)

Aside from the rough, black and leather appearance, you may be familiar with the signature yellow stitch attached to the air-cushion sole of the Dr Martens Boots. Airwair, producer and exclusive licence holder of the Dr Martens shoes, holds a position mark of the “yellow-stitch-on-black-welt” (YSBW Mark).

Van Haren, a Dutch shoe retailer and part of Germany’s *Deichmann Schuhe*, the largest shoe company in Europe, filed an appeal at the Court of Appeals in The Hague, after the lower court had ruled that it was infringing the Airwair’s rights in YSBW Mark on the boots by bringing similar boots with the YSBW Mark into commerce.

At issue is (i) whether Van Haren’s use of the yellow stitch on black welt on its shoes is likely to confuse the average consumer or (ii) if Van Haren’s is taking unfair advantage of the popularity of this design.

Van Haren asserts that the stitches on its boots are not within the yellow colour spectrum, nor are they used as trade mark but merely as decoration. Airwair is claiming that Van Haren attempts to ride its coattails by using its YSBW Mark.

The Court of Appeals rejects Van Haren’s argument that it intends to use the YSBW Mark as a decoration, because the only relevant consideration is whether the relevant public perceives it as an indication of origin, which it does in this case. Furthermore, it holds that Van Haren’s stitch must – in fact – be placed in the yellow colour spectrum. Interestingly, however, it rejects Airwair’s unfair advantage argument, since the deviation of colour is too significant for the relevant public to assume a connection with the Dr Martens Boots.

Consequently, the Court of Appeals rules that there is a likelihood of confusion, but no unfair advantage taken by Van Haren.

Trade mark protection of a lookalike water gun

Lower Court (rechtbank) of The Hague April 19, 2022, ECLI:NL:RBDHA:2022:3596 (Spyra v Designnest)

Spyra is a product developer in innovative water toys and owner of the trade mark “SPYRA”. DesignNest is a retailer in electronic equipment and product design platform. Until recently, both parties operated through a gentleman’s agreement in which DesignNest was authorised to sell Spyra’s water gun SPYRA ONE, for which it has a registered design.

Spyra argues that DesignNest is infringing its trade mark and model rights. Due to procedural reasons, the judge was unable to rule on most of these claims. The judge did, however, hold that DesignNest was infringing their trade mark in using their trade mark while selling copycat products.

DesignNest argued that they were merely showing these copycat products in promoting their research on market behaviour of copycats. How-

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ever, based on the indication on the website “only open for business enquiries”, the judge rules that it can be inferred that business customers did have the opportunity to order the copycat product. Thus, as part of the selling process this was considered a trade mark infringement. The court even held that including a banner containing “intellectual property infringement” and taking the order procedure off their website did not change this conclusion, as there would still be a threat of trade mark infringement.

The risk of extensive market research in showing familiarity by the public

Lower Court of The Hague March 23, 2022, ECLI:NL:RBDHA:2022:2925 (Mexx v G-maxx)

In a case between Mexx, an international fashion brand and owner of the Benelux trade mark “Mexx”, and C&S designs, a fashion retailer and owner of the EU trade mark “G-MAXX”, the lower court of the Hague ruled on a possible trade mark infringement by G-MAXX.

Firstly, Mexx argued that G-MAXX infringed their trade mark by creating the likelihood of confusion among the relevant public by using the brand “G-MAXX”. However, the court ruled that this was not the case as the way in which the letters were displayed was not similar enough. Although the court did agree on a certain level of similarity between the brands, it argued that the only aspect which could result in confusion among the public was the last two letters both being “XX”.

Secondly, Mexx argued that their brand is highly renowned, and G-Maxx could draw an advantage from their popularity by using a similar brand. If this were the case, it should be protected. The court stated that popularity is a dynamic phenomenon and that Mexx is not as popular as it used to be as a women’s fashion brand.

This followed from Mexx’s own market research. Therefore, Mexx’s brand cannot be protected on this basis. Consequently, it resulted in the rejection of both of Mexx’s claims.

The aftermath of Brexit

Lower Court of The Hague February 2, 2022, ECLI:NL:RBDHA:2022:642 (Rituals v The Body Shop)

In 2015, The Body Shop, a cosmetics retailer in the UK, launched a skin care product line using the word “RITUAL” in all four of their product categories. Rituals, an international producer of luxurious cosmetics, claimed that this was an infringement on their trade mark of the same name.

The Body Shop argued that she was merely using the word “RITUAL” in a describing manner to show customers their products were part of a routine. Conversely, the court of The Hague held that the prominent way in which the word was used in promoting material, their web shops and product packaging led to the conclusion that Ritual’s trade was not used it in a merely descriptive way.

It should also be noted that the court awarded a cross-border injunction extending to the UK and, as such, it held that Brexit had no consequences for this ruling. Since the procedure started before the end of the transition period it could rely on the Withdrawal Agreement between the EU and the UK. Therefore, The Body Shop is not allowed to use the word “RITUAL” in the aforementioned way in both the EU and the UK.

Who is responsible for a coffee machine that caught fire?

CJEU July 7, 2022, ECLI:EU:C:2022:536

(Philips v Fennia)

After a fire that was caused by a coffee machine (the Philips Saeco Xsmall HD8743/11), Fennia had compensated its consumer for the damage that resulted from it. Fennia then brought an action against Philips, as its trade marks were affixed to the machine, seeking compensation pursuant to joint liability of producers involved in the production process, as laid down in Article 5 of Directive 85/374.

However, even though it had its Philips trade mark affixed to the coffee machine, Philips argued that she was not the producer. This resulted in preliminary questions to the CJEU by the Supreme Court of Finland about the concept of a “producer”.

According to EU law the person (ie, company) who puts his name, trade mark or other distinguishing feature on the product, or who has authorised those particulars to be put on the product, also presents himself as the producer of that product. The CJEU held that the producer need not also present itself as a producer in another way to qualify as a producer.

Consequently, Philips qualifies as a producer of the coffee machine and should compensate Fennia for the damage that was caused by the fire.

Contributed by: Radboud Ribbert and Wouter van Wengen, **Greenberg Traurig, LLP**

Greenberg Traurig, LLP is an international law firm with approximately 2,650 attorneys serving clients from 44 offices in the United States, Latin America, Europe, Asia and the Middle East. The practice in Amsterdam is built around

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Trade mark rights are governed by the Norwegian Trade Marks Act (Act No 8 of 26 March 2010). In addition, preparatory works and case law, in particular the Supreme Court precedents, elaborate on and interpret the statutory provisions in the Trade Marks Act.

Norway is a part of the European Economic Area (EEA), regulated in the EEA Act, and is thus required to harmonise most major parts of its legislation with EU law. Due to the EEA Agreement, Norway has implemented several of the EU regulations and directives into its national law, such as Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008, to approximate the laws of the member states relating to trade marks, as well as associated regulations. Accordingly, case law from the Court of Justice of the European Union carries significant weight when interpreting the Norwegian Trade Marks Act.

Norway is also a member of the following international treaties regarding trade marks:

- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
- Paris Convention for the Protection of Industrial Property;
- Singapore Treaty on the Law of Trade Marks;
- Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks; and
- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

1.2 Types of Trade Marks

Different types of trade marks are recognised in the Norwegian legal system, including word marks, figurative marks, combined marks, shape marks, position marks, pattern marks, colour marks, sound marks, motion marks, multimedia marks and hologram marks.

Collective marks and a guarantee or certification marks may also be registered. With a collective mark, a society or other organisation acquires an exclusive right for its members to use a trade mark for goods or services in an industrial or commercial undertaking.

As for the guarantee or certification mark, this type of mark is applicable to a public authority, foundation, company or other organisation that establishes standards for, or conducts testing on, goods or services. The mentioned organisations may acquire an exclusive right to use a trade mark for such goods or services to which the standards or the testing apply.

1.3 Statutory Marks

There are no statutory trade marks under Norwegian law.

1.4 Well-Known Foreign Marks

Marks that are famous outside Norway, but are not yet in use in the country or registered in the Norwegian Trade Mark Register, are not automatically protected as a trade mark in Norway. To obtain protection, the trade mark must be considered well known as someone's trade mark by the relevant consumers in Norway.

1.5 Term of Protection

A Norwegian trade mark registration is valid for a period of ten years from the date of filing. The registration may subsequently be renewed for ten years at a time, counting from the expiration

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of the previous period. Thus, the registration can be maintained for an unlimited period of time.

Unregistered trade marks enjoy protection as long as the respective protection requirements with regard to use are met. See **3.1 Trade Mark Registration** for information on the requirements.

1.6 Exhaustion of Trade Mark Rights

Under Norwegian law, once goods bearing a trade mark are put on the EEA market by the owner of the mark or with the owner's consent, the owner is no longer entitled to oppose the use of the trade mark within the EEA territory. The owner's monopoly is exhausted.

However, this does not apply if the owner has legitimate reasons to oppose further commercialisation of the goods, such as if the goods in question have been altered or modified after being placed on the market.

1.7 Symbols to Denote Trade Marks

In Norway there are no requirements to use symbols such as "®" or "TM" in order to denote that a mark is a protected trade mark. This is optional, and has no influence on the opposability of the trade mark owner's right.

In order to use the symbol "®", the trade mark must be registered. Use of the symbol without registration may be a violation of the Norwegian Marketing Control Act. The symbol "TM" may be used even if the trade mark is not registered.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

There are no formal requirements or specific procedures that apply to the assignment of trade

marks, and no approval from the Norwegian Industrial Property Office (NIPO) is required.

However, for evidential purposes in case of disputes, it is generally recommended that agreements on assignment are concluded in writing.

2.2 Licensing Requirements or Restrictions

There are no formal requirements or specific procedures that apply to the licensing of trade marks in Norway, and no approval from NIPO is needed.

However, for evidential purposes and for the owner to precisely identify the extent and scope of the licence, it is generally recommended to conclude license agreements in writing.

Different types of licences may be granted:

- exclusive licences;
- non-exclusive licences;
- sole licences; and
- a combination of these types of licences.

A licence can be perpetual.

2.3 Registration or Recording of the Assignment

The Norwegian Trade Marks Act stipulates that if the right to a registered trade mark has been assigned to another person, this can be registered in the Norwegian Trade Mark Register and be published at the request of one of the parties.

The same applies with respect to a licence for a trade mark that has been registered or for which an application for registration has been filed. The same also applies if a registered licence has been assigned or has lapsed.

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2.4 Other Requirements for Licences or Assignments to be Valid

There are no further requirements that must be met for licences or assignments to be valid.

2.5 Assigning or Licensing Applications

During the application process, it is possible to assign an application for a trade mark or grant a licence in relation to it.

2.6 Trade Marks as Security

Legislation to accept a trade mark as security was recently passed by the Norwegian legislature (*Storting*) and came into force on 1 March 2023.

Execution

According to the new legislation that came into force on 1 March 2023, a registered trade mark can be subject to execution or any other separate enforcement proceedings by creditors.

3. Registration

3.1 Trade Mark Registration

A trade mark holder can achieve trade mark protection in two ways:

- through registration in the Norwegian Trade Mark Register or by international registration with effect in Norway; or
- by use of the trade mark (a trade mark right is considered established by use when the trade mark is well known in the circle of trade in Norway for the relevant goods and services as someone's sign).

The Norwegian system provides equal protection for registered trade marks and trade marks that obtain protection through use. However, as

long-term extensive and intensive use is required to achieve protection through use, registration is often the more practical alternative. In addition, trade mark protection established by use may be limited to a part of the country, while registration provides nationwide protection. There are also obvious benefits to having an official registration certificate, which can only be obtained through registration.

3.2 Trade Mark Register

The Norwegian Trade Mark Register is administered by NIPO. NIPO provides a database that is publicly available online and that contains all marks applied for, registered or cancelled.

Before filing a trade mark application, it is recommended to carry out a search for prior trade marks in the Norwegian Trade Mark Register, to assess whether others own the right to an identical or similar trade mark. For a fixed price, NIPO also offers to conduct a preliminary search.

3.3 Term of Registration

The term of registration is ten years from the date of filing the application. Thereafter, the registration may be renewed for ten years at a time, on an ongoing basis.

A request for renewal of a trade mark must be in writing and filed with NIPO. The request may be filed no earlier than one year before the registration period expires.

The renewal of the trade mark is subject to a stipulated fee. Since renewing the right is voluntary, NIPO does not invoice the renewal fee. To avoid an additional fee, the request for renewal must be filed and the renewal fee paid before the registration period expires. If the trade mark owner fails to do so, and does not pay the renewal fee and late payment fee within the final deadline of

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six months after the expiry date, the trade mark registration will expire.

3.4 Updating or Refreshing Registrations

A trade mark registration may be updated or refreshed if the changes are insignificant and do not affect the overall impression of the trade mark. More significant changes require an application for a new trade mark.

Updated and refreshed trade marks must be registered in the Norwegian Trade Mark Register and then published, to maintain the protection obtained by the registration. A stipulated fee must be paid to NIPO.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

An application for registration of a trade mark may be filed online on [NIPO's website](#). Any natural or legal person can file an application. The application must include:

- the name and address of the applicant;
- a representation of the trade mark; and
- a list of the goods and services in respect of which the registration is requested (the goods and services may be included in several classes).

All the types of signs mentioned in **1.2 Types of Trade Marks** may be subject to registration.

At the time of publication, it is required that the trade mark be represented graphically. However, in order to achieve conformity between Norwegian legislation and the EU directive 2015/2436, this requirement will soon be abolished. When the new legislation comes into force, the only

requirement will be that the trade mark is presented in a clear and precise manner that makes it possible to determine the scope of protection of the trade mark holder. This change will expand the categories of signs that are eligible for protection.

4.2 Use in Commerce Prior to Registration

The Norwegian system does not require the trade mark to be in use before the registration is issued. However, to maintain the protection, Norwegian legislation requires the trade mark to be used within five years after the date of registration. The same applies where use has been discontinued for five years.

In the case of non-use, the registration will be deleted. This does not apply if there are reasonable grounds for the non-use or discontinuation of the mark.

4.3 Series Mark Registrations

The Norwegian system does not allow for registration of series marks.

4.4 Consideration of Prior Rights in Registration

In the application process, NIPO examines whether the trade mark applied for infringes any previously registered trade marks. The assessment that is carried out determines whether potential consumers may confuse the trade mark with an already registered one, or whether consumers are likely to believe that there is a connection between the owners of the trade marks.

A prior owner of a trade mark registration may consent to the registration of a trade mark that would otherwise conflict with the older mark. The applicant is responsible for obtaining and

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submitting a letter of consent to NIPO. The letter of consent should include information on the holder of the older registration, information on the applicant, as well as the precise scope of the consent. It must be clearly stated that consent is given to register the trade mark.

4.5 Consideration of Third-Party Rights in Registration

Third parties have the right to file an objection to a registration during the registration procedure. There is no requirement that the third party in question has a particular standing or commercial interest in the case. An objection should be in writing, justified and submitted to NIPO. The applicant will be notified by NIPO that an objection has been submitted.

4.6 Revocation, Change, Amendment or Correction of an Application

The Norwegian system allows applicants to make insignificant changes to an application for a trade mark registration during the process of registration, provided that the changes do not affect the overall impression of the trade mark. The list of goods and services applied for cannot be extended, but may be limited.

The application may be withdrawn at any time during the registration procedure.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application into several applications. The applicant will have to pay a stipulated fee for each new application. A divisional application must be filed before the original application is processed and cannot include goods and services that were not included in the original application.

A request for division must contain the original application number, as well as information on the

goods and services with the associated class number included in the original application that are to be included in the new application(s).

4.8 Incorrect Information in an Application

See 4.6 Revocation, Change, Amendment or Correction of an Application.

4.9 Refusal of Registration

A trade mark application may be denied registration by NIPO on a number of grounds. The most relevant grounds for refusal are:

- the formal requirements are not met;
- lack of distinctiveness;
- the trade mark is liable to be confused with another trade mark, business name or business sign;
- the trade mark is misleading;
- the trade mark is offensive or contrary to law or public order;
- there is a danger of deceiving the public;
- the trade mark contains escutcheons or other symbols/flags without authorisation;
- the trade mark contains something that is liable to be perceived as another person's name, stage name or portrait; and/or
- the trade mark contains a geographical origin for wine or liquor.

The applicant may overcome an objection raised by NIPO by rectifying the deficiencies pointed out within a reasonable time limit stipulated by NIPO.

If the applicant has not commented on or rectified the deficiencies before the time limit expires, the application will be rejected.

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4.10 Remedies Against the Trade Mark Office

A refusal from NIPO may be appealed by the applicant to the Norwegian Board of Appeal for Industrial Property Rights (“Board of Appeal”).

The appeal must be in writing and submitted to NIPO no later than two months after information on the refusal was given to the party in question. The appeal must include:

- the name and address of the appellant;
- the decision being appealed;
- the desired change in the appealed decision; and
- the grounds on which the appeal is based.

The appeal is subject to a stipulated fee.

A decision by the Board of Appeal may be brought before the ordinary courts.

4.11 The Madrid System

Norway participates in the Madrid system. For an international registration to take effect in Norway, the general requirements for registration in Norway must be met (see 4.9 Refusal of Registration). NIPO is the relevant authority in cases concerning international registrations of trade marks and will conduct the examination process. If the requirements for registration are not met, NIPO will refuse, in full or in part, to grant effect to the international registration in Norway.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Opposition to a trade mark registration must be submitted to NIPO within three months after the date of publication of the registration.

5.2 Legal Grounds for Filing an Opposition

Opposition to a trade mark registration must be filed based on one or more of the grounds mentioned under 4.9 Refusal of Registration.

5.3 Ability to File an Opposition

Any natural or legal person can file an opposition. The opponent does not need to be the owner of a trade mark or a trade mark registration to file an opposition, or have any commercial interests at stake. Representation by an attorney is not mandatory. Filing an opposition is free of charge.

5.4 Opposition Procedure

When an opposition is submitted, NIPO will send the opposition to the owner of the trade mark registration, who is entitled to file a counter statement. NIPO will then determine whether further statements by the parties are needed, before the opposition is handled by a new case officer, independent of the one who registered the trade mark.

The opposition is processed without an oral hearing, and a final decision is usually made within four months after both parties have presented their comments and opinions.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

The losing party may challenge NIPO’s decision by filing an appeal to the Board of Appeal within two months of the decision being served upon the respective party.

The parties may request oral proceedings before the Board of Appeal, which request is likely to be accepted if the Board of Appeal finds this suitable for the case at hand.

A decision from the Board of Appeal can be appealed to the Oslo District Court.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

Cancellation and revocation proceedings may be filed before the courts or conducted by way of an administrative review by NIPO.

A request for an administrative review may be made when the opposition time limit has expired, and any opposition proceedings have been settled with a final decision from NIPO.

Revocation proceedings on the grounds of lack of genuine use can be filed five years after the registration date at the earliest (see 4.2 Use in Commerce Prior to Registration). All other invalidation actions can be filed without any specific time limit. This applies to both cancellation proceedings before the courts and administrative reviews.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Revocation

The registration of a trade mark may be invalidated if the registration contravenes the conditions set out in 4.9 Refusal of Registration.

Cancellation

A trade mark registration may be deleted on the basis of one or more of the following grounds:

- the trade mark has become contrary to law or public order or is liable to cause offence;
- the trade mark has become the general designation in the relevant market/industry

for goods or services of the type for which it is registered due to the trade mark holder's actions or passivity;

- the trade mark has become liable to deceive due to use by the trade mark owner or someone with their consent, in particular with regard to the nature, quality or geographical origin of the goods or services;
- notification has not been made of amendments to the regulations for the use of a collective mark, or the collective mark has been used in contravention of the regulations filed, without the trade mark holder having taken steps to prevent such use within a reasonable time; or
- the trade mark holder has not made actual use of the trade mark within five years after a final decision on registration was made, or the use has been discontinued for five consecutive years.

6.3 Ability to File a Revocation/Cancellation Proceeding

A revocation or cancellation proceeding may be initiated by any person with a legal interest in the matter. However, this is usually only the owner of an older trade mark or of an older registration, or a licensee who is considered to have a legal interest in the matter when the proceedings are initiated, due to prior rights.

In addition, legal action based on the grounds mentioned in 4.9 Refusal of Registration may also be initiated by NIPO.

6.4 Revocation/Cancellation Procedure

Revocation or cancellation proceedings may be brought before both NIPO and the civil courts.

6.5 Partial Revocation/Cancellation

A registered trade mark may be considered completely or partially invalid depending on whether

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the legal grounds for revocation or cancellation apply to all or just some of the goods or services for which the trade mark is registered.

6.6 Amendment in Revocation/Cancellation Proceedings

It is not possible to amend a trade mark during revocation and cancellation proceedings. However, the list of goods and services may be limited.

6.7 Combining Revocation/Cancellation and Infringement

Actions involving revocation/cancellation and infringement may be heard together by the court.

6.8 Measures to Address Fraudulent Marks

There are no special procedures to revoke or cancel marks that have been filed fraudulently under the Norwegian system.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

There are no deadlines for filing infringement lawsuits in trade mark cases under Norwegian law.

7.2 Legal Grounds for Filing Infringement Lawsuits

Norwegian law equates registered and unregistered marks, and the owners of such marks may pursue infringement the same way. The main action to pursue infringement is to seek a preliminary injunction or to initiate regular infringement proceedings.

The trade mark owner should initiate their intention to pursue infringement by sending a warn-

ing letter to the alleged infringer, demanding the infringing use to cease within a certain period of time, and threatening to pursue the matter in court in case of non-compliance. Failure to initiate with a warning letter may affect the court's ruling on legal costs in a subsequent case.

Cybersquatting

A trade mark owner may pursue cybersquatting with a complaint to the Norwegian Domain Complaints Board (*Domeneklagenemnda*). This allows the trade mark owner to claim transfer or deletion of the domain name if:

- there is a likelihood of confusion between the trade mark and the domain name; and
- the domain name has been registered in bad faith.

However, this option is only available with respect to Norwegian domain names ending in “.no”. The trade mark owner must take action within three years of registration of the infringing domain.

Because cybersquatting has not really been considered to constitute trade mark infringement per se, pursuing cybersquatting before the courts is rarely fruitful, unless the trade mark owner is able to prove that the use of the domain name has been infringing on the owner's trade mark rights.

Dilution

Dilution of the trade mark is not in itself enough to pursue infringement, unless the use also fulfils the standard conditions for infringement.

7.3 Parties to an Action for Infringement

The parties to an infringement action will necessarily be the registered trade mark owner and the alleged infringer. In addition to the trade mark

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owner, a licensee may bring legal proceedings concerning trade mark infringement within the licensee's territory, unless otherwise agreed (Section 63 of the Norwegian Trade Marks Act).

The right to file an infringement action applies to everyone with an established right to a trade mark, either by registration or by use. Making a trade mark application alone is also sufficient to pursue infringement, but infringement claims will only succeed if the court finds it likely that the conditions for registration of the trade mark are fulfilled.

7.4 Representative or Collective Actions

The legal system in Norway generally permits class actions for all cases. There are no special regulations for trade mark cases in this regard, and a trade mark case may proceed as a class action if the case and the group members meet the general conditions as stipulated by the Norwegian Act relating to mediation and procedure in civil disputes (NDA) chapter 35.

The main conditions are:

- all claims can be heard by a court with the same composition and broadly the same procedural rules;
- a class action is the best method for hearing the case; and
- there must be grounds to nominate a class representative (NDA 35-2 and 35-9).

In practice, class actions are not however used in trade matters.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no mandatory prerequisites that need to be undertaken before bringing an infringement action before Norwegian courts. However,

it is customary to issue a warning letter to the person(s) or legal entity against whom or which action may be brought, with information about the claim and the grounds for the claim.

7.6 Initial Pleading Standards

Lawsuits in trade mark matters follow the same general regime provided under the NDA.

The initial pleading (writ of summons) must be filed to Oslo District Court, which is the mandatory legal venue for trade mark disputes in Norway. The writ of summons will provide a basis for the defendant to consider the claims and prepare the case, and for the court to hear the case in a sound manner. The pleading must state the claim and the outcome the claimant is requesting by way of judgment, the factual and legal grounds upon which the claim is based, and the evidence that will be presented.

The pleading may be supplemented with additional claims, arguments and evidence up until two weeks prior to the main hearing, unless the court sets a different date.

The defendant may initiate a lawsuit in response to the pleading (cross action). If the conditions for a cross action are met, the lawsuits will proceed as a joint case (Section 15-1 of the NDA).

7.7 Lawsuit Procedure

Trade mark cases follow the same legal procedures as other cases. The first instance is the Oslo District Court. The district court's judgment may be appealed to the Court of Appeal and after that, possibly, to the Supreme Court. Only a few selected cases are admitted to the Supreme Court. However, in practice, a relatively high number of trade mark cases have been admitted before the Supreme Court in recent years.

The costs incurred may vary greatly, depending on the scope of the case, its complexity, and the hourly rate of the legal representative. The latter typically varies from EUR200–700, depending on skills and experience.

The parties may choose to be represented by a lawyer, or they can represent themselves. The latter is, however, unusual.

7.8 Effect of Trade Mark Office Decisions

There has been some disagreement and different practices with respect to how, and to what extent, decisions by NIPO should be emphasised by the court. However, the starting point is that the court is not bound by NIPO's decisions, and the court may fully review the matter in its entirety.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

A defendant may file an action for declaratory judgment of non-infringement, substantiating the reasons why an alleged infringement does not exist. Such an action may be filed with no prerequisites or formalities.

7.10 Counterfeiting

The trade mark owner may claim destruction of the infringing goods (see **9.3 Impoundment or Destruction of Infringing Articles**) and customs seizures or destruction of counterfeit goods (see **9.7 Customs Seizures of Counterfeits or Criminal Imports**).

There are no specific procedures or remedies that apply to counterfeit marks.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

Apart from Oslo District Court being the mandatory legal venue, there are no special procedural provisions for trade mark proceedings, and the standard civil procedures apply. The case is determined by legal and, in some cases, also technical judges.

Both the parties and the court may submit proposals for the appointment of technical judges. In the end, the court will appoint the technical judges.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

The trade mark owner must prove that the defendant has used:

- an identical sign for goods or services for which the trade mark is protected; or
- a sign which is identical or similar to the trade mark for identical or similar goods or services, if there exists a likelihood of confusion.

The defendant may, however, argue in their defence that the use of the sign has only been descriptive (Section 5 of the Norwegian Trade Marks Act). Purely descriptive use rarely constitutes a trade mark infringement.

8.3 Factors in Determining Infringement

The assessment of infringement is an assessment of whether there exists a likelihood of confusion between the disputed sign and the trade mark. Likelihood of confusion is a combined effect of similarity between the signs, and similarity between the goods or services. The terms are cumulative, but interdependent in the sense that a lower degree of similarity between

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the signs may be offset by a higher degree of similarity between the goods.

If the signs are identical, it is not necessary to prove likelihood of confusion to determine infringement. If the older mark is well known, it is sufficient to prove that there is a risk of association.

The likelihood of confusion may relate to the consumer either confusing the marks (direct confusion) or being led to believe that there is a connection between the holders of the two marks (indirect confusion). When assessing the likelihood of confusion, one must assess the mark's distinctiveness, the degree of descriptiveness and prevalence. According to consistent case law, the decisive factor is the mark's overall impression, of which the visual and phonetic differences are the most important factors.

8.4 Elements of Other Trade Mark Claims

The owner of a well-known trade mark may, in addition to claiming infringement, claim dilution by blurring, tarnishment or free-riding.

8.5 Effect of Registration

As the court is not bound by NIPO's decisions, holding a trade mark registration only gives an assumption of a right, ie, that the mark is valid and not infringing.

8.6 Defences Against Infringement

The defendant may argue several defences:

- no likelihood of confusion;
- an earlier right to use the sign exists;
- the sign is used in a descriptive or informative manner;
- violation of the right to use a personal name or a geographical origin;

- the trade mark owner has not used the trade mark within five years of registration;
- the trade mark has become generic;
- the use of the trade mark has been tolerated by the trade mark owner ("accepted use"); or
- the trade mark must be declared invalid.

8.7 Obtaining Information and Evidence

Sections 26-5 to 26-8 of the NDA provide mechanisms by which the parties to a civil case can obtain relevant information and evidence from the other party or a third party.

As a starting point, both parties to a case are obliged to make available relevant evidence that the party is in possession of or can obtain. In addition, the parties may request access to evidence that has not already been submitted by the other party. If such a request is not accommodated, the court may order the relevant party or person to comply with the request for access to evidence.

Chapter 28 of the NDA provides mechanisms to secure evidence outside of a trial. Chapter 28 A contains specific remedies for the purpose of obtaining information in intellectual property cases. The court may, at the request of the trade mark holder, order the alleged infringer and related persons to disclose the origin and distribution network of goods or services to which the infringement applies.

8.8 Role of Experts and/or Surveys

The parties may present expert statements or surveys as part of their evidence. Surveys may provide great value as evidence in trade mark cases for certain issues, for example, to determine whether or not a trade mark has been established by use and whether or not the trade mark is well known.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

If the defendant has been found guilty of trade mark infringement, they may be sentenced to fines or imprisonment for up to one year, or to imprisonment for up to three years if there are particularly aggravating circumstances (Section 61 of the Norwegian Trade Marks Act). In the assessment of whether aggravating circumstances exist, emphasis will be placed on the damages caused to the owner and the owner's commercial reputation, the gain obtained by the infringer, and the scope and extent of the infringement in general.

These cases are prosecuted under national criminal law and require the trade mark owner to file a complaint to the prosecuting authority.

8.10 Costs of Litigating Infringement Actions

The costs of bringing an infringement action to a conclusion in the first instance may vary between EUR10,000 to hundreds of thousands of euros, depending on the scope and complexity of the case.

9. Remedies

9.1 Injunctive Remedies

The trade mark owner may claim a preliminary injunction if the defendant's conduct makes it necessary to provisionally secure the claim, or if it is necessary to avert considerable loss or inconvenience. To receive a preliminary injunction, the trade mark owner must substantiate their claim and the urgency of the matter.

The judge does not have discretion with regard to ordering remedies, but is bound by the statement of claims.

9.2 Monetary Remedies

If the infringement has been committed with intent or through negligence, the trade mark owner is entitled to claim damages or compensation from the infringer. The damages or compensation will be determined based on which of the following alternatives is most favourable to the trade mark owner:

- compensation corresponding to a reasonable license fee for the exploitation, as well as damages for any loss resulting from the infringement that would not have arisen in connection with licensing;
- damages for any loss resulting from the infringement;
- compensation corresponding to the gain obtained by the infringement; or
- compensation corresponding to double a reasonable licensing fee for infringement committed intentionally or due to gross negligence.

If the infringer has acted in good faith, they will normally have to pay damages equivalent to what would be deemed a reasonable license fee.

The judge does not have discretion with regard to ordering remedies, but is bound by the statement of claims.

9.3 Impoundment or Destruction of Infringing Articles

Norwegian law provides for a simplified procedure for the destruction of goods in cases of trade mark infringement. Goods that are seized at the border may be destroyed by the customs authorities without a trial if:

- the owner has been notified, and has given consent to the destruction of the goods within ten days; and

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- the recipient has been notified and has given consent to the destruction of the goods within ten days (if the recipient has not objected to the destruction of the goods within ten days, this will be considered as consent).

The trade mark owner may also claim destruction of infringing goods before the court, as a remedy to prevent further infringement (Section 59 of the Norwegian Trade Marks Act). This apply both to goods that are seized at the border and to goods that are brought into circulation in Norway.

9.4 Attorneys' Fees and Costs

The winning party is at the outset entitled to full compensation for their legal costs from the losing party, provided that the winning party has claimed to be awarded such costs. In theory, there is no limit as to the amount that may be awarded. However, there is a practical limitation in the fact that the party may only be awarded legal costs that are considered reasonable and necessary. What is considered reasonable and necessary depends on the extent, and significance, of the case. For example, a party may not be awarded full remuneration if the legal representative's hourly rates and the number of hours spent on the case are disproportionate to the significance of the case.

In order to be compensated, the party must have won the case either fully or significantly. If neither of the parties has won the case in full, the judge may decide that both parties must bear their own legal costs.

The court can also exempt the losing party from liability for legal costs in whole or in part if the court finds that compelling grounds justify exemption. In this respect, the court should, in particular, take into account whether:

- there was a justified cause to have the case heard because the case was doubtful or because the evidence was clarified only after the action was brought;
- the winning party can be reproached for bringing the action or the party rejected a reasonable offer of settlement; or
- the case is important to the welfare of the party and the relative strength of the parties justifies exemption.

9.5 Ex Parte Relief

A trade mark owner cannot obtain damages or other types of relief without starting a procedure that implies notification of the defendant and that allows the defendant to participate in the proceedings and defend themselves.

9.6 Rights and Remedies for the Prevailing Defendant

The prevailing defendant is entitled to full compensation for their legal costs from the plaintiff if:

- the defendant has filed a claim to be awarded legal costs; and
- the costs do not exceed what is considered necessary and reasonable in the present case.

See [9.4 Attorneys' Fees and Costs](#) for more information.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The court may decide, as a preliminary injunction, that the customs authorities must withhold goods that are in their possession, if the importation or exportation of the goods will constitute an infringement of intellectual property.

In addition, the trade mark owner may apply for customs to detain goods in their possession, if

there is a reasonable suspicion that the import or export of the goods will constitute an infringement of an intellectual property right. This application must include documentation of the intellectual property rights to which the application applies, and information that makes it possible to identify both authentic and counterfeit goods. The applicant must assume responsibility for costs incurred by the customs authorities in connection with the storage, examination and destruction of goods, etc.

9.8 Different Remedies for Different Types of Trade Marks

Norwegian trade mark law does not differentiate between registered and unregistered marks (marks established by use). The same rights and remedies apply to the trade mark owner.

10. Resolving Litigations

10.1 Options for Settlement

Conciliation and settlement negotiations are not mandatory, but the parties are strongly encouraged to investigate the possibility of reaching an amicable settlement in the case before going to court. Such negotiations may either take place in private prior to going to court, in the conciliation board or by court mediation.

In addition, the parties may agree to settle the case at any stage in the proceedings, up until the court case is adjourned.

10.2 Prevalence of ADR

If the parties fail to reach an amicable settlement, arbitration is the most common alternative dispute resolution method for IP matters in Norway. Mediation and conciliation are not common in IP cases, as the parties are usually too far

apart and a court decision is required to enforce the parties' claims.

10.3 Other Court Proceedings

If an underlying claim, eg, a validity attack, is to be decided by another court, the court of the infringement case may stay the proceedings pending the final decision in that case.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

The first instance court's decisions (*tingretten*) may be appealed to the regional appeal court (*lagmannsretten*). The judgment of the regional appeal court may be appealed to the Supreme Court (*Høyesterett*). A judgment must be appealed no later than one month after the notice of judgment.

As a starting point, the appellate hearing must be set for a time that is no later than six months after the filing of the appeal. However, in practice, this usually takes longer, depending on the court's current capacity. Pursuant to the NDA, the judgment must be rendered within four weeks after the closing of the main hearing. This deadline may, however, be extended.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions concerning the appellate procedure for trade mark proceedings.

11.3 Scope of the Appellate Review

An appeal may be brought against a judgment or an interlocutory order on the grounds of error in the assessment of the facts, error in the application of the law, or error in the procedure upon which the ruling is based. The regional appeal

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court tries all the appealed parts of the judgment. The court can rely on the description of the facts in the district court's judgment without reviewing this if the description is not contested.

The Supreme Court may either try the case in full, or decide to admit only parts of the judgment for review.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Under the Norwegian system, intellectual property rights are not mutually exclusive, and a trade mark may be protected by several types of intellectual property rights. For example, a trade mark logo may be protected by both trade mark law and copyright law.

If a trade mark constitutes a surname, no specific or different rule applies. The trade mark is valid, provided it does not cause prejudice to a person who bears the surname in question.

12.2 Industrial Design

Industrial designs may be registered as a trade mark if they also fulfil the requirements of a trade mark (eg, distinctive character, not exclusively consisting of a shape that results from the nature of the goods themselves, etc). See [4.9 Refusal of Registration](#).

12.3 Rights of Publicity and Personality

The registration of anything likely to be perceived as a natural person's name, stage name or portrait, requires the prior consent of the relevant owner (Section 16 c of the Norwegian Trade Marks Act). Exceptions apply if the name or portrait obviously refers to a person who is long dead.

As the decisive factor is whether the name or portrait is likely to be perceived by the public as referring to a natural person, the main scope of the provision is to protect celebrity names and a person's right to their own image.

12.4 Unfair Competition

Norwegian trade mark rights are supplemented by provisions in the Marketing Control Act. However, the relationship between the scope of protection under trade mark law, and the scope of protection under marketing law is a highly debated subject under Norwegian law.

In 2021, the Supreme Court ruled that there is a high threshold for supplementing the protection under trade mark law with the protection under marketing law. See the [Trends and Developments article](#) on Norway for more information.

13. Additional Considerations

13.1 Emerging Issues

In December 2021, the Supreme Court ruled that the Marketing Control Act may only supplement and extend the protection of trade marks, if there are elements in the case that will not otherwise be covered by trade mark law (HR-2021-2480-A). In this case, the owner of the restaurant Stortorvets Gjestgiveri in Oslo claimed that the restaurant Stortorvet Gjestgiveri Hamar, 130 km outside Oslo, infringed his trade mark rights. However, the owner of the restaurant in Oslo was the owner of a combined mark and did not have rights to the name alone, which was considered descriptive. It was also not regarded as probable that the name was established by use outside of Oslo. Therefore, the court ruled that there was no infringement of trade mark rights, and the use was not in violation of good business practice, in accordance with the Mar-

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keting Control Act. See the [Trends and Developments article](#) on Norway for more information.

13.2 Trade Marks and the Internet

In November 2019, the Supreme Court ruled that a foreign domain name that infringes a Norwegian trade mark right may be transferred to the Norwegian trade mark owner to prevent continued trade mark infringement in Norway (HR-2019-2213-A). The right to transfer in such cases was not restricted by the territorial principle. In this case, the domain name “Appear.in”, the holder of which was a provider of video-conferencing services, was transferred to the Norwegian owner of the trade mark “Appear TV”.

In December 2021, the Norwegian Supreme Court ruled that the use of a competitor’s trade mark as a paid keyword in search engine advertising such as Google Ads, does not infringe trade mark rights (HR-2021-2479-A). This decision ends what has been a long-running debate in Norway. However, the advertisement text must still be designed in a way that does not create a likelihood of confusion, dilution or damage to the brand’s reputation. See the [Trends and Developments article](#) on Norway for more information.

13.3 Trade Marks and Business

Norwegian law does not provide any special rules or norms regarding trade marks used in business.

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THOMMESSEN

Trends and Developments

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Introduction

The relationship between the provisions of the Trade Marks Act and the Marketing Control Act, more specifically, whether the Marketing Control Act supplements the Trade Marks Act, has been a widely debated topic within Norwegian trade mark law in recent years.

In December 2021, the Supreme Court of Norway issued two decisions addressing this topic. The first case, known as the “Bank Norwegian Case”, related to whether or not it is permissible to use a competitor’s trade mark as a paid keyword in search engine advertising on the internet. The second case, known as the “Stortorvet Gjestgiveri Case”, raised the question of whether the use of a similar sign that was not protected by the Trade Marks Act was in violation of the Marketing Control Act.

Furthermore, in November 2022, a new decision on trademark infringement (the “Kystgjerdet Case”), focusing on the use of a competitor’s trade mark as a paid keyword, was handed down by the Supreme Court. The decision concerns the calculation of damages and compensation awarded in case of such trademark infringements.

The three mentioned decisions provide valuable insight into an important aspect of trade mark law and will likely have a significant impact on how such cases are handled in the future. In addition, the Norwegian legislature (*Storting*) has passed several amendments to the Norwegian

Trade Marks Act and the Norwegian Customs Act that have recently come into force.

The Bank Norwegian Case (HR-2021-2479-A)

Bank Norwegian is a digital bank that offers consumer loans. As part of their marketing strategy, Bank Norwegian pays Google Ads for a prominent place in search results, often at the top, when searching online for other consumer loan banks.

The competing consumer banks filed a lawsuit against Bank Norwegian asking the court to ban the use of their trade marks as paid keywords in Google Ads. The banks claimed that this was a breach of good business practice as set out in the Marketing Control Act Section 25.

The Supreme Court did not agree and concluded that it is not in conflict with the Marketing Control Act to use a competitor’s sign as a paid keyword in search engine advertising on the internet. Actions that in the context of trade mark law are regarded as healthy and fair competition, cannot at the same time be ruled as unfair competition and as contrary to good business practice.

The Supreme Court pointed out that the Court of Justice of the European Union (CJEU) has ruled that the use of a competitor’s sign as a paid keyword does not constitute trade mark infringement as long as the purpose is to offer internet users an alternative to the trade mark owner’s goods or services, and the text in the advertisement does not give the impression that

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there is a connection between the advertiser and the trade mark owner.

The central question was therefore whether Section 25 of the Marketing Control Act, which sets out that “no act shall be performed in the course of trade which conflicts with good business practice among traders”, provides supplementary protection in this situation. It follows from previous case law that supplementary protection may be relevant if circumstances of a different nature to those captured by the Trade Marks Act come into play. In addition, the consideration of healthy competition must speak in favour of supplementary protection. The Supreme Court stated that supplementary protection cannot be ruled out, but such protection is only relevant “after a concrete assessment and within a relatively narrow framework”.

The Supreme Court came to the conclusion that, in this case, the same considerations formed the basis for the case as those assessed by the CJEU. When the CJEU has concluded that the use of a competitor’s trade mark as a keyword contributes to healthy and loyal competition, this cannot at the same time be considered disloyal and prohibited under the Norwegian Marketing Control Act.

As a result of this judgment, the Norwegian Business and Industry Competition Committee and the courts are expected to adjust their practice accordingly in the future. It remains to be seen whether the Supreme Court’s decision will affect the industry’s perception, and whether businesses will adopt this practice and take advantage of the opportunity to buy competitors’ trade marks as paid keywords. In any case, the requirements for the actual advertisement remain the same. The text in the ad must be written and designed in a way that does not create a likelihood of con-

fusion, dilution or damage to the trade mark’s reputation.

The Stortorvet Gjestgiveri Case (HR-2021-2480-A)

The owner of a restaurant in Oslo with the name “Stortorvets Gjøstgiveri”, which can be translated as “The big square guesthouse”, filed a lawsuit against the owner of a restaurant in Hamar, a city 130 km away from Oslo, with the name “Stortorvet Gjestgiveri Hamar”. The restaurant in Oslo had used the name since the late 1800s and registered the name as a trade mark in 2018, while the restaurant in Hamar started using the name in December 2015. The owner of the restaurant in Oslo claimed that the use of the name “Stortorvet Gjestgiveri Hamar” was a breach of both the Trade Marks Act and the Marketing Control Act.

The Supreme Court concluded that the trade mark “Stortorvet Gjestgiveri Hamar” did not infringe the trade mark rights of “Stortorvets Gjøstgiveri” in Oslo, and that the use was not in violation of good business practice as set out in the Marketing Control Act. The owner of the restaurant in Oslo was the owner of a combined mark, and did not have rights to the name alone, which was considered descriptive. Furthermore, it was not regarded as probable that the name “Stortorvets Gjøstgiveri” was established by use outside of Oslo.

In the decision, the Supreme Court made statements regarding the following matters.

The possibility to register trade marks of a descriptive nature

The Supreme Court concluded that the mark “Stortorvets Gjøstgiveri” could not be registered as a trade mark (see Section 14 of the Trade Marks Act), because it is descriptive and without

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distinctive character. The name and the visual design did not give the mark sufficient distinctiveness.

The conditions for a trade mark to be established by use

The decision also contains statements regarding what conditions must be met for a mark to be considered established by use, without registration in accordance with the Trade Marks Act. In this case, “Stortorvets Gjøstgiveri” was not established as a trade mark by use in the relevant circle of trade in the area of Hamar.

The relationship between the Trade Marks Act and the possibility for supplementary protection under the Marketing Control Act

The Supreme Court referred to the new Bank Norwegian case (HR-2021-2479-A) mentioned above, where the Supreme Court stated that supplementary protection under the Marketing Control Act is primarily relevant “where there are elements in the case that will otherwise not be covered, typically, conditions of a different nature than those governed by special provision”. Supplementary protection under the Marketing Control Act Section 30 on copying the products of another person and Section 25 on good business practice were not relevant in this case.

The Kystgjerdet Case (HR-2022-2222)

In 2018, outdoor fence providers Vindex and Norgesgjærde were made aware that their competitor Kystgjerdet was using their company names “NORGESGJERDE” and “VINDEK” in its advertising, both in the content of a specific advertisement and as a paid keyword visible in the Google search field. Vindex and Norgesgjærde filed a lawsuit against Kystgjerdet and both the district court and the appellate court found that Kystgjerdet’s use of the words con-

stituted a trademark infringement. The case before the Supreme Court only deals with the assessment of damages and compensation for the constituted trademark infringement.

Initially, Vindex and Norgesgjærde sought total damages and compensation of around NOK10 million, primarily based on their calculations of hypothetical past and future losses resulting from Kystgjerdet’s online ads. However, the Supreme Court awarded Vindex and Norgesgjærde compensation amounting to NOK800,000 each.

The Supreme Court ruled that Vindex and Norgesgjærde failed to demonstrate a causal relationship between their decrease in revenue and Kystgjerdet’s disputed ads, and failed to establish the financial benefit that Kystgjerdet had derived from the disputed ads. Thus, the appropriate legal basis for measuring compensation, in this case, was a “reasonable license fee” in accordance with the Trade Mark Act Sections 58 (1)(a) and 58 (2). Since the documentation provided by Norgesgjærde and Vindex did not provide enough information to accurately determine the number of customers won over by the disputed ads, the Supreme Court ultimately decided on a discretionary award of a reasonable license fee.

Amendments to the Norwegian Trade Marks Act and the Norwegian Customs Act

The Norwegian legislature (*Storting*) passed several amendments to the Norwegian Trade Marks Act and the Norwegian Customs Act in 2020, which have all since come into effect. The primary objective of these amendments was to implement EU Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015, also known as “the New Trade Mark Directive”, which replaces Directive 2008/95/EC. The amendments provide stronger protection for

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trade mark holders and help prevent infringement of trade marks in Norway.

The four most important amendments are summarised below.

No requirement for a trade mark to be represented graphically

Pursuant to Section 14 of the Trade Marks Act, it previously had to be possible to represent a trade mark graphically in order for it to be registered in the Norwegian Trade Mark Register. Since the new amendment came into force, the only requirement is that the trade mark is represented in a clear and precise manner that enables the scope of protection to be clearly determined.

New grounds for refusal of a trade mark registration

The amendment provides new absolute grounds for refusal of a trade mark registration. This follows from the new provision that an application for trade mark registration will be refused or declared invalid if it was filed in bad faith, or by an agent or representative of the trade mark owner without the trade mark holder's consent. The term "bad faith" corresponds to the expression "contrary to good business practice" as set out in Section 25 of the Norwegian Marketing Control Act.

The use of trade marks as security

Previously, Norwegian legislation allowed patents and plant variety rights, but no other intellectual property rights, to be given as security. However, the amendment to the Trade Marks Act now allows for security in trade marks' rights as well.

The right to take action against counterfeit goods in transit

Over the last couple of years, there has been an increase in the distribution of counterfeit goods. The amendments to the Norwegian Customs Act make it easier for a trade mark owner to prevent the importation of such goods.

Following the recent amendments, trade mark owners may apply directly to Norwegian Customs for assistance with detaining and destroying goods infringing intellectual property rights. Previously, the trade mark owner had to seek a preliminary injunction for such assistance. Thus, this amendment simplifies the procedure for the destruction of goods.

Furthermore, the former provisions required Norwegian Customs to obtain the importer's written consent for the destruction of counterfeit goods. Following the new amendments, this requirement has been removed. Instead, the destruction may take place if the importer does not object within a deadline of ten business days.

Statistics from the Norwegian Industrial Property Office (NIPO) for 2022

According to statistics from NIPO, 2021 saw a record number of trade mark applications being filed, with a total of 18,142 applications. However, in 2022, there was a slight decrease in the number of applications, totalling 17,640 applications. Of these, 14,538 were submitted by foreign applicants and only 3,102 by Norwegian residents.

As of 18 January 2023, 243,386 trade marks are in force in Norway and 12,600 trade mark applications are still pending.

NORWAY TRENDS AND DEVELOPMENTS

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Trade marks are governed in particular by the Slovak Act No 506/2009 Coll. on Trade Marks (the “Trade Marks Act”).

Case law is not binding in the Slovak Republic. Nevertheless, according to the legal principle of legal certainty all similar cases must be considered in a similar manner. Therefore, the Slovak Industrial Property Office (IPO) and courts may use interpretation of law provided by European Court of Justice, the Slovak Supreme Administrative Court and the Constitutional Court or by other relevant authorities when they deem it to be applicable.

The Slovak Republic is a party to:

- the TRIPS Agreement;
- the Paris Convention for the Protection of Industrial Property (the “Paris Convention”);
- the Convention establishing the World Intellectual Property Organisation;
- the Madrid Agreement and Madrid Protocol concerning the international registration of trade marks;
- Trade Mark Law Convention;
- the Singapore Trade Mark Law Convention; and
- the Nice Agreement concerning the international classification of goods and services for the purposes of the registration of trade marks.

1.2 Types of Trade Marks

Slovak law recognises following types of trade marks:

- word trade mark in regular type or in the accompanying design;
- figurative trade mark;
- spatial trade mark;
- holographic trade mark;
- sound trade mark;
- positional trade mark;
- trade mark of design;
- trade mark consisting of one colour without outlines or a combination of colours without outlines;
- motion trade mark; and
- multimedia trade mark.

In addition to these types of trade marks, Slovak law also recognises collective trade marks which are owned by an association or a legal entity governed by public law. Neither certification trade marks nor common law trade mark rights are recognised.

1.3 Statutory Marks

Apart from the Trade Marks Act, special legal protection is provided for the Olympic emblem and other Olympic designations by Slovak Act No 440/2015 Coll on Sports.

1.4 Well-Known Foreign Marks

Trade marks which are not yet registered in the Slovak Republic can be protected if they are well-known foreign marks pursuant to the Article 6 bis of the Paris Convention.

1.5 Term of Protection

Registered trade marks are valid for ten years from filing of their application. For information on a renewal of a term of protection, see 3.3 Term of Registration.

1.6 Exhaustion of Trade Mark Rights

A trade mark owner is not entitled to prohibit a third party from using a trade mark for goods

which have been put on the market under such trade mark, either by the owner or with an owner's consent, in the state which is a contracting party to the Agreement on the European Economic Area. This does not apply if there are legitimate reasons for the trade mark owner to prohibit the use of the trade mark, in particular if conditions of goods was changed or impaired after it had entered the market.

1.7 Symbols to Denote Trade Marks

Once a trade mark is registered, its owner has an exclusive right to use the trade mark in connection with registered goods and services and the owner can use the ® symbol in connection therewith. However, it is not required that the trade mark owner uses the ® symbol or any other symbol to denote that a trade mark is registered or existing.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

Slovak trade marks can be assigned to another party for all or a part of registered goods and services by an assignment agreement in writing. There is no maximum limit of assigning in relation to a trade mark. A previous IPO approval of assigning a trade mark is not required.

2.2 Licensing Requirements or Restrictions

A trade mark owner can grant a licence to a third party to use the trade mark for all or a part of the registered goods and services covered by a licence agreement. Previous IPO approval is not required.

Slovak law allows a trade mark owner to grant either an exclusive or non-exclusive licence to

the trade mark. If the exclusive licence is granted to one party, it cannot then be granted to another party during the duration of the agreement. There is no limit on granting multiple non-exclusive licences to a single trade mark. The parties can enter into a licence agreement for limited or unlimited time – in such case, a termination of a licence would not be tied to a specific time period expiration.

2.3 Registration or Recording of the Assignment

Neither an assignment nor a licence needs to be registered or recorded with the IPO. Nevertheless, both the assignment and the licence are effective in relation to third parties since the day of their recordal in the Trade Marks Register. It is thus highly recommended to record the assignment or the licence in the Trade Marks Register as soon as possible so third parties can follow the actual status of the trade mark ownership/authorisation. The only risk that exists during the gap between the assignment or licence taking place and its registration can be providing proof that the assignment or the licence exists.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no other special requirements for a licence or an assignment to be valid.

2.5 Assigning or Licensing Applications

It is possible to assign a trade mark application or to grant a licence in relation to such application during a trade mark registration proceedings.

2.6 Trade Marks as Security

A Slovak trade mark or trade mark application can be given as a pledge. The IPO will record the pledge based on the request of the pledge lender evidencing the establishment of the pledge for

the trade mark or trade mark application. The agreement establishing the pledge has to be in writing.

A Slovak trade mark and trade mark application can be also levied in execution. The IPO will record if the trade mark or trade mark application is levied in execution based on the execution order evidenced by a notice of the execution beginning and a list of rights, which also includes a specific trade mark or trade mark application.

3. Registration

3.1 Trade Mark Registration

A trade mark owner acquires trade mark rights after a trade mark is registered with the Trade Marks Register of the IPO. It applies retroactively from the date when the trade mark application was filed. There are no different standards for registering different types of trade marks. All types of trade mark applications have to be filed separately. It is not possible to apply for multiple trade mark registrations in one application.

3.2 Trade Mark Register

The IPO maintains the Trade Marks Register which is publicly available. Moreover, data recorded in the Trade Marks Register is available online on the IPO's website.

The Trade Marks Register is the only and principal source that provides information on national trade mark applications and registered trade marks. It is a common practice to search for a prior trade mark before applying to register a trade mark with the IPO. It is also highly recommended to search for a prior trade mark in the European Union Intellectual Property Office (EUIPO) and World Intellectual Property Organi-

zation (WIPO) registers before applying to register a trade mark.

3.3 Term of Registration

A registration of a trade mark is valid for ten years from the date when a trade mark application was filed. A trade mark registration's term of protection can be renewed for further period of ten years by a trade mark renewal application filed by a trade mark owner, a pledgee or any other person or entity who establishes a relevant legal interest. A renewal application cannot be filed before the last year of a trade mark's term of protection. Once a trade mark enters into the last year of its term of protection, a renewal application can be filed no later than the last day of its term of protection – ie, before it's protection expires.

If a renewal application was not filed during the "standard" period described above, such renewal application can be filed in an additional period of six months beginning on a day which follows a last day on which the renewal application could have been filed during the "standard" period.

3.4 Updating or Refreshing Registrations

Partial updates of a registered trade mark are allowed – ie, a list of registered goods and services can be reduced at any time, however, an extension to more classes is not allowed. A registered trade mark designation cannot be subsequently amended.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

A trade mark registration procedure starts with a trade mark application being filed with the IPO.

According to the Trade Marks Act, a trade mark application must meet following material requirements:

- an identification of the applicant (and identification of the applicant's representative if the applicant is represented);
- a designation of the applied mark;
- a list of goods or services applied for; and
- a signature of the applicant or the representative.

A trade mark can be registered by individuals, legal entities or associations of individuals or legal entities. For types of signs that can be registered, see **1.2 Types of Trade Marks**.

An applicant cannot apply for multiple designations in a single application for registering a Slovak national trade mark. Nevertheless, applications for multiple classes are allowed.

4.2 Use in Commerce Prior to Registration

Slovak law stipulates no requirements for an applicant to use a mark in the applicant's commercial activities before a registration is issued.

4.3 Series Mark Registrations

Slovak law does not allow the registration of series marks. Each trade mark application must be filed separately.

4.4 Consideration of Prior Rights in Registration

If a sign in a "new" trade mark application is identical to an earlier trade mark or an earlier trade mark application and it is applied for the same goods or services, the IPO will notify an earlier trade mark owner or an applicant who filed the earlier trade mark application about the "new" trade mark application.

The IPO does not automatically consider prior rights in any other way except for purposes of the above-mentioned notification.

4.5 Consideration of Third-Party Rights in Registration

A third party can participate in trade mark registration proceedings by filing an opposition if such party has a required legal standing – eg, a third party holds rights to an earlier trade mark, or if an applicant is a business representative of such third party filing a trade mark application without the third party's consent.

Anyone can file observations against a trade mark application's registration; no special legal standing is required. Nevertheless, a person who filed observations is not a party to the registration proceedings. The IPO will inform the applicant about observations and it will allow the applicant to respond thereto. The IPO will also inform the applicant and the person/entity who filed observations about the result of its consideration of such observations.

4.6 Revocation, Change, Amendment or Correction of an Application

After filing a trade mark application, one is allowed to amend an applicant's first name, surname, company name, permanent address or a registered seat, only if such amendment does not change the overall character of a designation. Furthermore, an applicant can also reduce a list of goods and services applied for. The above-mentioned amendments are subject to a review and approval by the IPO.

4.7 Dividing a Trade Mark Application

An applicant can divide a trade mark application consisting of multiple goods or services before the registration is finished. In case of an application's division, prior rights and the date

of an original trade mark application's filing are preserved for divisional trade mark applications.

4.8 Incorrect Information in an Application

The IPO decides issues relating to incorrect information in a trade mark application.

See 4.6 **Revocation, Change, Amendment or Correction of an Application** for information on amending incorrect information in a trade mark application.

4.9 Refusal of Registration

The IPO shall refuse to register a trade mark application due to the following absolute grounds, including:

- a lack of a distinctive character;
- a sign may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of goods or of rendering of services, or other characteristics of goods or services;
- a sign is customary in the Slovak language or in bona fide and established practices of the trade;
- a conflict with principles of morality;
- a deception of the public; and
- an application is not filed in good faith.

For example, an IPO's objection due to a lack of a distinctive character can be overcome by either providing strong arguments which will convince the IPO that its conclusions are incorrect because a considered mark is sufficiently distinctive (eg, by referring to a new, relevant and applicable opinion in case law) or by providing evidence of its prior use (ie, before filing a trade mark application) establishing that the public connects the mark with applicant's goods and services.

The IPO will send a written notice to an applicant if it finds reasons to dismiss a trade mark application on absolute grounds. The IPO will set a deadline for the applicant to submit statements and evidence necessary for overcoming the IPO's objections. If the applicant fails to cover any of IPO's objections then the IPO will dismiss the application in its entirety and the applicant can file an appeal against such decision.

4.10 Remedies Against the Trade Mark Office

If any issues arise before a decision on a trade mark registration is reached by the IPO, an applicant will be served with an IPO's written notice allowing the applicant to respond thereto.

The applicant can file an appeal against the IPO's decision dismissing a trade mark application with the President of the IPO. If unsuccessful, the applicant can file an administrative action to the Administrative Court and the court's decision can be further challenged in proceedings before the Supreme Administrative Court and, thereafter, the Constitutional Court.

4.11 The Madrid System

The Slovak Republic participates in the Madrid system and provisions of the Madrid Agreement and Madrid Protocol are directly applicable.

International registrations are subject to the IPO review on absolute grounds as Slovak national trade mark applications.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The statutory deadline for filing an opposition to a trade mark application is three months after

the application is published in the Trade Marks Register. This deadline cannot be extended.

5.2 Legal Grounds for Filing an Opposition

Legal grounds for filing an opposition can be a likelihood of confusion between an application and an earlier right and goods and services applied for and those protected by an earlier right. The earlier right is, in particular, a registered trade mark, an unregistered generally recognised mark, a trade mark generally renowned in the Slovak Republic, an industrial property right and a copyright.

Moreover, a person or an entity whose rights are affected by a trade mark application can file an opposition if an applicant did not file its trade mark application in good faith. Also a natural person can oppose a trade mark application on grounds of such application affecting its personality rights.

Dilution is not as such recognised by Slovak law as grounds for filing an opposition. However, case law recognises a dilution as a detrimental effect to a trade mark's reputation or its distinctive character. Establishing a dilution can be used – ie, for establishing a harm or a threat of harm to the trade mark's reputation.

5.3 Ability to File an Opposition

An owner or a holder of an earlier right can file an opposition. Moreover, a natural person or a legal entity whose rights are affected by a trade mark application filed in bad faith, and a natural person whose personality rights are affected by a trade mark application, may oppose that trade mark application. No legal representation is required for opposition proceedings.

The fee for filing an opposition amounts to EUR50 and it is payable in full upon filing the opposition. Should a party fail to pay the fee, the IPO will send it a written notice with a deadline for making the payment.

5.4 Opposition Procedure

Opposition proceedings are heard by the IPO. These proceedings are resolved through motion practice, usually without any oral hearings.

Opposition proceedings are initiated by an opponent's filing of an opposition with the IPO. An opponent can submit evidence only within the deadline for filing an opposition.

After receiving an opposition, the IPO will serve it on an applicant and it will allow the applicant to make a response. The deadline for the applicant's response can be extended. The opponent is not notified of the applicant's response and the response is not served on the opponent unless the opponent expressly asks the IPO for a copy. The same applies to all further submissions of both parties in the IPO's first instance proceedings.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

See 4.10 Remedies against the Trade Mark Office.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

In general, there is no statute of limitation for filing a revocation action or a cancellation action. There is an exception according to which a revocation action based on a court decision issued

on specific grounds (eg, such as that a use of a trade mark amounts to a conduct in unfair competition) must be filed within six months from the day when the underlying court decision becomes final.

It must be noted that the grace period for a revocation claim for a trade mark's non-use amounts to a consecutive period of five years. Therefore, this claim becomes available after five years from the day of a trade mark's registration.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

The following legal grounds cover trade mark revocation or cancellation:

- it has not been used for a consecutive period of five years preceding the day when the request was filed;
- it has become customary for goods or services for which it is registered;
- it has become deceptive in relation to goods or services for which it is registered; and
- a final court decision finding that a trade mark use is detrimental in manners stipulated by law – eg, that such use amounts to a conduct in unfair competition.

A trade mark can be invalidated due to being filed contrary to absolute grounds or upon a request by a person entitled to file an opposition against it.

6.3 Ability to File a Revocation/Cancellation Proceeding

A revocation/cancellation request may be filed by any third party.

An invalidation request filed by a person that is entitled to file an opposition may only be filed by

a person enjoying specific earlier priority rights, see 5.1 Timeframes for Filing an Opposition.

6.4 Revocation/Cancellation Procedure

Revocation and invalidation proceedings are heard by the IPO. Remedies described in 4.10 Remedies against the Trade Mark Office apply also to these proceedings.

6.5 Partial Revocation/Cancellation

A trade mark can be partially revoked or invalidated if grounds for such revocation or invalidation are related to some registered goods or services instead of to all of them or to the trade mark as a whole.

6.6 Amendment in Revocation/Cancellation Proceedings

Claims, statements and evidence in revocation and invalidation proceedings can be amended or supplemented during the proceedings.

A challenged trade mark cannot be amended except for restricting a list of goods and services registered for it, which can be carried out upon a request made by a trade mark owner.

6.7 Combining Revocation/Cancellation and Infringement

Revocation/cancellation and invalidation actions are heard before the IPO. Infringement cases are heard before the courts, thus these different procedures cannot be heard together.

6.8 Measures to Address Fraudulent Marks

Fraudulent trade marks can be contested by an invalidation action establishing that such trade marks were filed in bad faith in relation to a plaintiff.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Courts do not automatically consider trade mark claims after an expiration of a relevant statute of limitations; it is up to a defendant to object and establish that a trade mark claim is time-barred.

Unless stipulated otherwise, a general statute of limitations pursuant to either the Civil Code (three years) in B2C cases or the Commercial Code (four years) in B2B cases apply to trade mark claims.

The Trade Marks Act further specifies that claims for damages become time-barred in three years after a plaintiff became aware of a damage and an identity of a liable party, or in five years after the damage occurs, whichever expires sooner.

7.2 Legal Grounds for Filing Infringement Lawsuits

Pre-litigation Phase

A pre-litigation phase (eg, cease and desist letters) has no bearing on proceedings (such as claims to costs of proceedings) besides the fact that it can be used as evidence.

Preliminary Injunction

An application for a preliminary injunction is available as a temporary relief (or a permanent relief in specific cases). It must be filed within a reasonable time after a plaintiff becomes aware of an infringement – a precise period is not stipulated, nevertheless, filing the application a few months after finding out about an infringement is usually acceptable. If the application is granted then a court will order the plaintiff to file an action on merits within a court-stipulated deadline, which is usually 30 days.

Claims from Unregistered Marks

As regards claims from unregistered marks, it must be noted that claims from trade marks infringement cannot be raised from rights to an unregistered mark. However, there is an option to pursue unfair competition claims.

Dilution

There are no specific claims for dilution. However, the jurisprudence considers it to be detrimental to a trade mark's reputation or its distinctive character and it can be thus used to establish an infringement on rights from a trade mark.

Cybersquatting

According to Article 3 of the Slovak domain authority SK-NIC's alternative dispute resolution rules domains which are confusingly similar to third parties' trade marks can be transferred to proprietors of such trade marks if a domain holder has no legitimate interest to holding such domain (eg, a plaintiff owns a trade mark, which is confusingly similar to the holder's domain) and the domain was not registered, gained or used in good faith – ie, the holder registered the domain for purposes of hindering plaintiff's business activities, for its sale/offer to a plaintiff, or if the domain was not used for two years.

7.3 Parties to an Action for Infringement

A trade mark claim can be raised by a trade mark proprietor. A non-exclusive licensee can file an action for trade mark claims only with the written consent of a trade mark proprietor. An exclusive licensee can file such action only in case that the exclusive licensee sent a written notice to a trade mark proprietor about an infringement and the trade mark proprietor failed to file an action in a reasonable period. Either of above-mentioned persons can join proceedings initiated by one of them as an intervenient.

A defendant is a third party allegedly infringing on a right from a trade mark.

7.4 Representative or Collective Actions

Class actions (as understood – eg, in certain common law jurisdictions) are not available under Slovak law since all plaintiffs have to be individually identified and they all have to file a lawsuit or join a lawsuit filed by a fellow plaintiff.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites to directly filing a lawsuit without first engaging an alleged infringer. A pre-litigation phase (warning letters, mediations, etc) has no bearing on proceedings on the merits or costs of such proceedings besides the fact that anything from the pre-litigation phase can be used as evidence.

It must also be noted that an abuse of own rights does not enjoy a legal protection.

7.6 Initial Pleading Standards

An action on the merits must comprise raised claims, factual statements and it must refer to evidence establishing such factual statements and necessary evidence must be presented.

A defendant may file an action for revocation or invalidation of a plaintiff's trade mark at any time. After a court issues a final decision on the merits, a defendant may file a request to reopen proceedings if a plaintiff's trade mark is revoked with *ex tunc* effects – ie, as if the trade mark has never been registered.

7.7 Lawsuit Procedure

The District Court in Banska Bystrica is the first instance court with an exclusive jurisdiction over trade mark cases for the territory of the whole Slovak Republic. Its appellate court is the

Regional Court in Banska Bystrica. An extraordinary appeal against decisions of the appellate court can be filed with the Supreme Court and, furthermore, a constitutional complaint can be filed with the Constitutional Court.

Reimbursement of costs that arise before filing a lawsuit is not granted in court proceedings unless such costs were efficiently spent for purposes of the court proceedings (eg, costs for obtaining an expert opinion on which a court based its conclusions). Costs relating to warning letters are a typical example of costs which are not reimbursed in proceedings.

Parties in trade mark litigation cases must be represented by an attorney-at-law authorised to provide legal services in the Slovak Republic unless the party is a natural person with a second degree university education in law or a natural person acting on behalf of a legal entity has such education. If a party (a plaintiff or a defendant) fails to obtain the required representation within a deadline stipulated by a court, the court will disregard such parties' actions.

7.8 Effect of Trade Mark Office Decisions

Courts are not bound by the IPO of the Slovak Republic's decisions. However, when courts consider claims and evidence similar to those considered by the IPO, they tend to reach similar conclusions.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

An alleged infringer can start declaratory judgment proceedings. If a trade mark proprietor files a lawsuit at a later date, a court considering a later infringement case can either wait for a decision in an earlier declaratory case (this would be a more common and expected approach) or it

can consider such preliminary question on its own without issuing a binding decision on such preliminary question.

A potential defendant can file a protective brief, however, the question of whether a first instance court must consider such brief is still open to interpretation by the Supreme Court and the Constitutional Court. A current practice of Slovak courts is to take protective briefs into consideration.

7.10 Counterfeiting

The Customs Office is authorised to seize goods suspected of infringing on rights from a trade mark. The Customs Office shall destroy seized goods if parties agree therewith or if a court rules that the goods infringe on rights from a trade mark.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

General procedural rules apply in trade mark proceedings.

Trade mark cases are decided by legal judges. The Slovak legal system recognises neither technical judges nor a jury.

Judges are assigned to cases in accordance with a work schedule of a given court. Parties can object to a judge presiding over a case on impartiality grounds.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is necessary to establish that a use of an allegedly infringing sign is detrimental to a trade mark and/or trade mark proprietor's business activi-

ties relating to goods or services protected by a trade mark.

8.3 Factors in Determining Infringement

The major factor in determining an infringement is a likelihood of confusion between an infringing sign and an earlier trade mark. The likelihood of confusion can be established after a comparison of marks. A visual, phonetical and semantical comparison of marks is conducted. A similarity between compared marks in any of these three considerations is sufficient for declaring a likelihood of confusion.

In addition to the above, a comparison of goods or services registered for an earlier trade mark and used in connection with an infringing sign must be conducted as well. A lower degree of similarity between marks can be overcome by a higher degree of similarity between compared goods and services and, vice versa, a lower degree of similarity between compared goods and services can be overcome by a higher degree of similarity between compared marks.

An overall comparison of marks and goods and services is influenced by other factors such as the reputation of an earlier trade mark and its distinctiveness.

8.4 Elements of Other Trade Mark Claims

A claim riding on the coat-tails of an earlier trade mark with a reputation must establish the reputation of the trade mark and show the infringer is gaining an unfair advantage from an association with the earlier trade mark. This concept is, to a certain extent, similar to a dilution by blurring or by tarnishment in common law jurisdictions.

8.5 Effect of Registration

A transfer of a trade mark is effective in relation to third parties upon its recording in the Trade Marks Register.

A trade mark owner is entitled to monetary remedies described in **9.2 Monetary Remedies**, even if an infringement occurs in the period after a trade mark application has been published and before it is registered. However, the trade mark owner can raise the above monetary remedies claims only after the trade mark is registered.

8.6 Defences Against Infringement

A priority of an earlier right (both a registered right and an unregistered right) can be invoked in defence against a trade mark infringement claim.

A trade mark proprietor cannot prohibit a natural person to use the defendant's own first name, surname and address.

Furthermore, a defendant cannot be prohibited to use marks without a distinctive character (descriptive), marks relating to a type, quality, amount, purpose, value, geographical origin, time of goods production or service provision or other property of goods or services.

Moreover, a defendant cannot be prohibited to use a trade mark for purposes of identifying or launching goods or services onto a market as goods or services of the trade mark proprietor, especially if the use of the trade mark is necessary for identifying a purpose of goods or services, in particular when concerned goods or services amount to accessories or spare parts. It must be also noted that establishing an earlier local use of an unregistered mark, which is still used to the same local extent, is also a viable defence.

If an infringement action was filed at least five years after a trade mark's registration then a defendant is entitled to request that the trade mark owner presents evidence establishing an actual use of the trade mark in the period of five years preceding the action's filing for goods and services which are covered by the trade mark and on which the action is based or, alternatively, evidence establishing authorised reasons for its non-use. In this context, the trade mark proprietor is entitled to request a prohibition of a mark's use only to the extent to which the trade mark proprietors are not subject to a revocation of a trade mark due to its non-use.

General defences pursuant to the Civil Procedural Code may also apply.

8.7 Obtaining Information and Evidence

A trade mark owner is entitled to request information regarding the origin and distribution networks of goods or services or circumstances of launching goods or services onto a market from an infringer.

Moreover, during a civil trial a party can ask a court to order to anybody holding relevant evidence to present such evidence to the court.

8.8 Role of Experts and/or Surveys

Parties can ask an expert to provide an expert opinion for them. Such "private" expert opinion can be presented to a court. Alternatively, parties can ask the court to appoint an expert who will provide an expert opinion. Both types of expert opinions are treated equally by courts.

The questions relating to considering an infringement such as a likelihood of confusion, reputation of a trade mark, its distinctive character, etc, are considered exclusively by a court.

An expert is usually used for calculating the damage caused by the infringement of a trade mark right.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

A trade mark infringement can constitute a criminal offense pursuant to the Section 281 of the Slovak Criminal Code.

8.10 Costs of Litigating Infringement Actions

Costs of litigation depend on specific circumstances of a given case – eg, whether damages are claimed and whether an expert opinion must be presented. Assuming that only a trade mark infringement is claimed, then a court fee would amount to EUR331.50 and the statutory attorney's fee (the amount which can be reimbursed in the proceedings if a party prevails) would amount to EUR61.41 for each non-superfluous legal action. The bare minimum legal actions would be drafting and submitting an action on the merits and attending an oral hearing.

It must be noted that attorneys may charge hourly rates, which are usually well above the statutory attorney fee. Moreover, proceedings tend to be more complex with parties exchanging multiple briefs in a first instance proceedings, attending several oral hearings, appealing a first instance decision and exchanging several briefs in appellate proceedings, etc.

9. Remedies

9.1 Injunctive Remedies

A trade mark proprietor can file an application for a preliminary injunction wherein it can be ordered that a defendant refrain from activities which infringe on a trade mark or threaten such

infringement. Alternatively, the defendant can be ordered to pay a security covering damages to a court instead of being ordered to refrain from the above-mentioned activities.

In order to be granted a preliminary injunction, a plaintiff must establish an actual infringement of a trade mark or a threat thereof by a defendant and the prerequisite of urgency (filing an application for a preliminary injunction within few months of becoming aware of the infringement) must be satisfied.

A defendant can oppose a preliminary injunction on grounds that evidence presented by a plaintiff does not establish an infringement or a threat of infringement. Moreover, a defendant can file for the preliminary injunction to be dismissed due to new factual circumstances which were not present at the time of a preliminary injunction decision.

9.2 Monetary Remedies

If damage is caused to a trade mark owner by an infringement on the owner's rights from a trade mark, then the owner is entitled to claim damages including lost profits. If immaterial harm was caused, then the proprietor is also entitled to an appropriate satisfaction, which may amount to a cash payment. The proprietor is further entitled to claim recovery of an unjust enrichment.

There are no enhanced damages for the use of counterfeit marks, however, such use may be considered to be a criminal offence punishable by imprisonment or fines paid to the state.

9.3 Impoundment or Destruction of Infringing Articles

The remedy of impoundment and/or a destruction of infringing goods is available under Slovak law.

9.4 Attorneys' Fees and Costs

A losing party is usually ordered to reimburse a prevailing party's costs of proceedings, which are enumerated by a court pursuant to evidence provided by a prevailing party. The ratio of costs reimbursement is commonly calculated as the difference between the successful claims of parties. For example, if the prevailing party is successful in 80% of its claims and the losing party is successful in 20% of its claims then a court can be expected to order the losing party to pay 60% ($80 - 20 = 60$) of the prevailing party's costs of proceedings.

Costs of proceedings usually comprise court fees, attorney fees and expert fees. Attorney fees are calculated as a percentage of the total value of a dispute and they are awarded for each non-superfluous legal action undertaken in the proceedings. Therefore, attorney fees reimbursed in the proceedings may not reflect attorney fees paid by a party, which are subject to a deal between a party and its attorney.

9.5 Ex Parte Relief

In general, Slovak legal procedures require that a defendant is given an opportunity to participate in proceedings.

However, there is an exemption. If an application for a preliminary injunction is dismissed by a first instance court, the court will serve neither the application nor its decision on a defendant.

9.6 Rights and Remedies for the Prevailing Defendant

If there was a preliminary injunction ordered against a defendant then the prevailing defendant may seek damages caused by such preliminary injunction from a plaintiff.

A prevailing defendant can also seek a reimbursement of statutory attorney fees and court fees.

9.7 Customs Seizures of Counterfeits or Criminal Imports

A trade mark owner can file an application with the Customs Office to take action against infringing goods. If the Customs Office grants such application, the trade mark owner will be referred to as the "decision holder" and the Customs Office will start seizing suspected infringing goods. The Customs Office is also authorised to seize suspected infringing goods on its own – ie, without the above-mentioned application being filed therewith and granted by the Customs Office.

After seizing goods, the Customs Office will issue a decision and will send a written or, if practical, electronic notice to the decision holder of the seizure of goods. The decision holder will be given ten business days, or three in the case of highly perishable goods, to oppose the destruction of goods or to state whether seized goods infringe on the trade mark and whether they should be destroyed. A failure to respond is understood as a consent to the destruction of goods.

In the meantime, the Customs Office will announce its decision on seizing goods to the "holder of goods" – ie, a person offering, selling, owning, manufacturing, storing, transporting or keeping the goods in question. The holder of goods has a three-day deadline to appeal the decision.

If prerequisites for the destruction of goods are not met (eg, a holder of goods will oppose the destruction in a timely manner) then the decision holder – the trade mark owner – is ordered to

file an infringement action with a court. Failure to do so will result in termination of the goods' impoundment.

9.8 Different Remedies for Different Types of Trade Marks

The Trade Marks Act does not offer different remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

Slovak courts are under a statutory obligation to lead parties to settle their dispute. While a court cannot force parties to settle a dispute, there are statutory incentives for parties to reach a settlement such as a partial reimbursement of court fees.

An out of court settlement can be reached at any time and a court settlement can be reached at any time during proceedings. An out-of-court settlement can be presented to the court for its approval in order for it to become an enforceable court decision. In such case, the court will not approve a settlement if it is contrary to law.

10.2 Prevalence of ADR

ADR proceedings are not compulsory. However, they are becoming a common way to resolve domain disputes.

10.3 Other Court Proceedings

An infringement case can be stayed pending resolution of other proceedings which deal with an issue that amounts to a prejudicial question of an infringement case. However, this is at the discretion of the court, as it is not obliged to stay proceedings.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

A party can file its appeal against a first instance decision within 30 days after being served with the first instance decision.

It is not uncommon for an appellate court to issue its decision within one to three years.

11.2 Special Provisions for the Appellate Procedure

There are no specific provisions for trade mark litigations; standard provisions for appellate proceedings apply.

11.3 Scope of the Appellate Review

Both legal and factual reviews can be conducted in appellate proceedings, however, they are subject to certain statutory restrictions depending on specific circumstances of a case and of first instance proceedings.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Copyright and trade mark protection can apply at the same time provided that a protected object satisfies prerequisites for a copyright and also a trade mark protection at the same time.

In general, first name and surnames can be protected by trade marks if other prerequisites for registering such trade marks are met (eg, the name must be sufficiently distinguishable). There is a specific restriction for a proprietor of a trade mark protecting a surname; such proprietor cannot prohibit the use of a surname protected by

a trade mark in business activities by a natural person with the same surname.

Furthermore, a natural person whose surname is protected by a third party's trade mark has specific remedies. Such natural person can oppose such trade mark application or file an invalidation if the trade mark could infringe on protection of such natural person's general rights as an individual.

12.2 Industrial Design

A specific object can be registered as a design and/or a three-dimensional trade mark. In such case, the object must be first registered as a design because one of the reasons for the design's registration is its novelty. The object's registration as a trade mark prior to filing an application for a design registration would mean that the object would be published in the Trade Marks Register, thereby barring its registration as a design due to a lack of novelty.

12.3 Rights of Publicity and Personality

See 12.1 Copyright and Related Rights.

12.4 Unfair Competition

The general legal regulation of unfair competition applies to trade marks. It must be noted that claims from unfair competition can coexist with, and in some cases supplement, trade mark claims.

13. Additional Considerations

13.1 Emerging Issues

Some lower Slovak courts might seem to be rather protective of local businesses when considering damages caused to foreign entities by an infringement on rights of foreign proprietors of trade marks.

13.2 Trade Marks and the Internet

The District Court Banska Bystrica has confirmed its conclusions that using Google AdWords amounts to an infringement on rights from a trade mark in its recent cases.

13.3 Trade Marks and Business

There are no special rules in Slovak law requiring a trade mark registration for a company to be comfortable manufacturing products.

Čermák a spol is a boutique firm specialising in intellectual property and related fields. It is active in the prosecution of patents, where through its patent attorneys it represents clients before the Slovak Industrial Property Office, the EPO and other patent offices through partner offices, and after the grant of a patent, it is able to both defend against validity challenges to the patent, and enforce the patent against infringers through its attorneys-at-law. With over 40 employees and numerous external assistants

and partner offices, it is one of the largest IP firms operating in Slovakia, where it has a dedicated partner office. It has established contacts in other jurisdictions around the world. Given the firm's long-term presence on the market, it has had the opportunity to represent most of the key players in all fields of technology, including most of the leading companies in the pharmaceutical, chemical, telecommunications or mechanical engineering sectors.

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SWITZERLAND

Law and Practice

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

In Switzerland, trade marks are protected by the Federal Act on the Protection of Trade Marks and Indications of Source (“Swiss Trade Mark Protection Act”) as well as the Trade Mark Protection Ordinance. The Swiss Institute of Intellectual Property (IPI) issues further guidelines – eg, regarding opposition proceedings.

Switzerland is a member to most international treaties concerning trade marks, including:

- the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods;
- the Madrid Agreement Concerning the International Registration of Marks and the Madrid Protocol;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”);
- the Nice Agreement on the International Classification of Goods and Services;
- the Paris Convention for the Protection of Industrial Property (“Paris Convention”);
- the Convention of 13 April 1892 between Switzerland and Germany concerning the Reciprocal Protection of Patents, Designs and Trade Marks; and
- the Singapore Treaty on the Law of Trade Marks.

Once approved by Switzerland, international legal treaties become an integral part of Swiss law. This means that the provisions of the treaties are, in principle, directly applicable if they are self-executing. In some cases, international legal norms are specified for Switzerland, mak-

ing use of the available scope to adjust the treaty to the national legal system.

1.2 Types of Trade Marks

In principle, a Swiss trade mark is a sign that is capable of distinguishing the goods and services of one undertaking from those of other undertakings. Provided they can be represented graphically, trade marks may be any kind of sign. Trade marks may be words, letters, slogans, numerals, figurative representations, three-dimensional shapes or combinations of such elements with each other or with colours.

The Swiss Trade Mark Protection Act differentiates between individual, collective, certification and geographical marks. In general, trade marks are protected with the entry into the trade mark register. In certain individual cases, however, unregistered signs may enjoy protection, eg:

- through the Paris Convention as a foreign trade name;
- through the Federal Act against Unfair Competition;
- as a geographical indication;
- as a right to the specific name; or
- through the Federal Act on Copyright and related rights.

1.3 Statutory Marks

Swiss law contains specific rules regarding protected public signs. Protected public signs include flags and coats of arms of the Swiss Confederation and the cantons, sovereign signs of foreign countries and signs of international organisations. Trade marks are generally not allowed to contain such protected signs. Furthermore, names, abbreviations and emblems of the United Nations or other intergovernmental organisations may not be protected as trade marks or as elements thereof.

1.4 Well-Known Foreign Marks

According to the “territoriality of trade mark rights”, rights to trade marks acquired by their owners in one state are generally neither automatically recognised nor protected in another state. Thus, the reputation of a sign abroad is, in principle, of no significance. The Swiss principle of a well-known trade mark breaks through this. A trade mark that is well known in Switzerland within the meaning of the Paris Convention receives trade mark protection as if it had been registered in Switzerland.

Generally, owners are only able to exercise their trade mark protection rights if the sign has been registered. Well-known marks are an exception to this rule. Switzerland further protects foreign trade marks through international treaties such as the protection of a trade mark as international trade mark under the Madrid System.

1.5 Term of Protection

In Switzerland, a trade mark is protected for ten years starting from the date of application extendable indefinitely, each term for ten years. Each renewal is subject to payment of a renewal fee. If the owner fails to pay the renewal fees on time, the IPI usually grants an additional period of six months and charges an additional fee.

If a trade mark has not been used for an uninterrupted period of five years, its protection may be challenged on the grounds of non-use before civil courts or the IPI. If no non-use has been claimed, the trade mark right can be restored in case of a commenced use after the five years.

1.6 Exhaustion of Trade Mark Rights

There are certain limits applicable to Swiss trade mark law. The trade mark is a means of distinction and is not intended to secure distribution systems. The trade mark right is therefore

deemed to have been exhausted as soon as the marked product has been placed on the market with the consent of the trade mark owner. According to the Swiss view, the principle of international exhaustion applies to trade mark law.

A second limitation concerns previously used marks. According to this rule, if a third party has been using an infringing sign prior to a registration, this specific use of the sign in question can be continued. This self-use is not covered by the trade mark protection rights of the owner of the later registered trade mark; however, it is strictly limited to the already existing use (including the particular extent of usage). The utilisation of the sign cannot be extended in any kind (such as expanding to additional services or goods, rebranding with the same mark, etc).

1.7 Symbols to Denote Trade Marks

Under Swiss trade mark law, there are no specific symbols used, such as ®. Acquired (ie, registered) trade mark rights exist regardless of the use of a symbol. However, the use of symbols is possible and does usually not cause negative legal consequences under Swiss law unless such use constitutes an act of unfair competition.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

Trade mark assignment records can be filed directly with the IPI.

A trade mark may be fully or partially assigned, with the exception of geographical marks which must be fully assigned. A partial assignment

request must fulfil the same requirements as a full assignment.

Requests to record the assignment of Swiss trade mark applications or registrations should be made in writing, identify the parties to the assignment (ie, the assignor and assignee) and specify the trade mark(s) subject to the transfer of ownership. The assignment request can be made by either the previous trade mark owner or by the assignee and must include an express declaration from the previous owner stating the transfer of the mark to the assignee, typically by providing an assignment agreement or declaration of transfer document, as well as other necessary documents such as a power of attorney in the case of a change of representative. Template forms for assignment requests and assignment declarations are available on the IPI website.

2.2 Licensing Requirements or Restrictions

A trade mark owner may grant exclusive, non-exclusive, sole and perpetual licences, which may be registered on the register in Switzerland. In the case of exclusive licences, as long as an exclusive licence is entered on the register, no other licences will be registered for the same trade mark(s) which are incompatible with the licence. In the case of partial licences, the goods and services and/or territory to which the licence covers should be stipulated.

A request to register a licence may be filed by either the trade mark owner or the licensee and should be made in writing, identify the parties subject to the licence, and be accompanied by an express declaration by the trade mark owner permitting the licensee to use the trade mark in question.

The above also applies to sub-licences. In cases where the trade mark owner submits a recordal request of a sub-licence, additional proof must be provided showing that the licensee is entitled to grant sub-licences.

Template licence registration forms are available on the IPI website.

2.3 Registration or Recording of the Assignment

It is not mandatory to register a licence on the Swiss register (“Swissreg”), with the exception of a collective mark, which must be recorded. However, registering a licence may be in the interests of a licensee, as it is not possible to enforce a licence against third parties who have in good faith acquired subsequent rights to the trade mark unless the licence is registered.

2.4 Other Requirements for Licences or Assignments to be Valid

There is no requirement to assign or licence the goodwill related to a trade mark.

2.5 Assigning or Licensing Applications

It is possible to assign trade mark applications or grant a licence in relation to trade mark applications in Switzerland. There are no considerations affecting the assignment or licensing of applications based on use or on intent to use, as there is no requirement to file a Swiss application based on use or intent to use.

2.6 Trade Marks as Security

A trade mark can be given as a security interest and may also be assigned. For requirements see **2.1 Assignment Requirements or Restrictions**.

3. Registration

3.1 Trade Mark Registration

Under Swiss law, a potential trade mark owner must register their trade mark in order to acquire the rights. The main principles of the application procedure can be found in the Swiss Trade Mark Protection Act (Article 28 et seq) and the associated ordinance (Article 8 et seq).

In order to register a trade mark, an application must be filed with the IPI. The registration can be carried out by using a form sent by post, email or by using the electronic registration process. The electronic application system guides the applicant step-by-step through the whole process and elaborates on how to fill in the sections. The application is then accessible on Swissreg.

In general, there are no different standards for different types of trade marks. Exceptions are trade marks that have acquired distinctiveness (*Verkehrsdurchsetzung*). In order to protect such trade marks – usually signs that belong to the public domain which is usually a ground for refusal – it needs to be proven that the sign has been used extensively as a trade mark in Switzerland for several years.

3.2 Trade Mark Register

Swissreg is the comprehensive trade mark register in Switzerland. The database is publicly available and administered by the IPI. By default, research is carried out before an application to register the trade mark, carried out by the potential trade mark owner or by professional searchers. The IPI provides a list of platforms which can be consulted, a list of professionals that can be contacted in order to fulfil the research, and offers certain services in connection with trade mark searches.

3.3 Term of Registration

The duration of the examination procedure depends on the individual case, however, usually takes between four and five months from the time of the filing fee. After registration (including payment of registration fee), the respective trade mark is protected for ten years. The registration can be renewed indefinitely, for ten years at a time, if a renewal application has been submitted and the fees have been paid. The request for renewal must be filed with the IPI within the last 12 months before the expiry of the period of validity, and at the latest within six months after its expiry.

The renewal application is a mere formality and usually granted without examination.

3.4 Updating or Refreshing Registrations

Many register changes can be requested online via the [Trade Mark Database](#), and must be submitted in German, French or Italian. Changes to the relevant register entry are, for example, the name of the trade mark owner, the address or the representative. Changes which can be made online are changes to the trade mark owner and changes to the representative, licensees, usufructs and pledgees.

It is not possible to change the trade mark itself or to extend the list of goods and services.

Regarding the withdrawal of a trade mark or the modification of parts of the goods and services (Nice classification), it is necessary to fill out a specific form which needs to be sent to the IPI. Adjustments can be viewed on Swissreg; the portal is generally updated every two to four weeks.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

A Swiss trade mark application must include the personal information of the applicant, the mark itself and a list of the goods and services the trade mark is intended to be used for. Any natural or legal person may register a trade mark in Switzerland.

In cases where the potential trade mark owner is not based in Switzerland, an address for service in Switzerland must be specified. If necessary, the applicant also needs to provide a declaration of priority and, if required, indicate whether the mark is a guarantee mark or a collective mark. After submitting the application, it is then examined for admissibility by the IPI.

Common Trade Marks

In principle, any sign that is capable of being represented graphically can be registered as a trade mark, provided that the sign is used to distinguish goods or service from others. The most common types of trade marks are:

- word marks;
- figurative marks (visual elements without any word components); and
- combined word and figurative marks.

Less common types of marks are:

- three-dimensional marks;
- acoustic marks;
- position marks;
- colour marks;
- motion marks; and
- hologram marks.

Possible are also trade marks based on “trade mark-related use”.

Multi-class Applications

Multiple-class applications are possible in Switzerland.

4.2 Use in Commerce Prior to Registration

A trade mark is protected to the extent that it is – after registration – used in connection with the goods and services for which it is claimed. To start usage of a registered trade mark, Swiss law contains a five-year grace period. However, in general, there is no requirement to file a Swiss application based on use or intent to use.

4.3 Series Mark Registrations

Under Swiss Law there are no series trade marks. Each trade mark requires its own registration and is published on Swissreg separately.

4.4 Consideration of Prior Rights in Registration

The IPI only examines absolute grounds for refusal. Absolute grounds for refusal concern cases where:

- signs are in the public domain;
- signs include shapes that constitute the nature of the goods themselves, or shapes of the goods or their packaging that are technically necessary;
- if a sign is misleading; or
- in the event a sign is contrary to public policy, morality or applicable law.

Concerning consent of the (older) trade mark owner in particular, the proprietor may assign their trade mark in whole or in part for the goods or services for which it has been claimed. The assignment is only valid if evidenced in writing.

Furthermore, the proprietor of a trade mark may permit others to use it for the goods or services for which it is claimed, in whole or in part, and for the whole territory or a part of Switzerland only. The licence shall be entered in the register at the request of one of the parties.

4.5 Consideration of Third-Party Rights in Registration

The owner of an earlier trade mark may file an opposition to a registration on the basis of Article 3, paragraph 1 of the Swiss Trade Mark Protection Act. The opposition must be submitted in writing to the SIPI with a statement of reasons within three months of publication of the registration. The relevant opposition fee must be paid within the same time limit. If the opposition is justified, the registration shall be revoked (in whole or in part). In addition to the opposition, the proprietor of an earlier trade mark also has the option of filing an action before the civil courts either in parallel or at a later stage during the opposition proceedings.

4.6 Revocation, Change, Amendment or Correction of an Application

The applicant can modify their trade mark free of charge during the entire registration process. At a later stage, when the trade mark has been registered, modifications may be made in exchange for an administrative fee.

4.7 Dividing a Trade Mark Application

Irrespective of a partial assignment, the list of goods and services of a trade mark application or registration can be divided at any time in such a way so that two or more trade marks or applications for registration are created. The prerequisite is a written application by the owner, which must indicate precisely how the claimed goods and/or services are to be divided.

The division gives rise to legally independent registrations or applications for registration, which retain the filing and priority date of the original registration or application. In the event of the division of registration applications, a filing fee must be paid for each partial application.

4.8 Incorrect Information in an Application

The IPI informs the applicant in writing about the nature of the legal or factual issue concerning the registration process. Depending on the particular issue, a grace period is set by the IPI. The IPI may be contacted free of charge at any time for the purpose of clarifying such issues and/or any open questions.

4.9 Refusal of Registration

The IPI examines applications based only on absolute grounds of refusal in accordance with Article 2 of the Swiss Trade Mark Protection Act. Relative grounds for refusal are not subject to the initial evaluation process. However, after publication of an applied-for trade mark, potential opponents have the possibility to file an opposition referring to relative grounds for refusal.

In such opposition proceedings, the IPI will examine relative grounds for refusal. In the event the IPI follows the opposing party's arguments, registration of the applied trade mark will be refused and deleted from the register. The applicant, however, still has the possibility to appeal to the Federal Administrative Court. Additionally, at all stages during the application process (and prior or after such proceedings), the parties are entitled to initiate civil court proceedings having full cognition to examine the legality of a particular trade mark.

The IP can also reject trade marks that are not in accordance with good morals (eg, abusive language, violation of religious feelings) and marks that are abusive or misleading (eg, misrepresentation of product characteristics, obviously incorrect information on origin).

4.10 Remedies Against the Trade Mark Office

Decisions of the IPI following from opposition proceedings (see **5. Opposition Procedure**) can be appealed to the Federal Administrative Court of Switzerland (see **5.3 Ability to File an Opposition**). In principle, decisions of the Federal Administrative Court may not be appealed to the Federal Supreme Court. Decisions made by the highest cantonal courts (commercial court, where available) after civil claims have been raised can be appealed to the Federal Supreme Court.

4.11 The Madrid System

Switzerland is a member of the Madrid System. Therefore, it is possible to register a trade mark in as many countries as the applicant intends (provided the designated countries are also members to the Madrid System). It is possible to submit the trade mark application online or in written form by post or via email.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The owner of an earlier trade mark may file an opposition against the registration of a later trade mark with the IPI on the basis of so-called relative grounds for refusal.

In this case, the opposition must be filed within three months after the publication of the registration, stating the legal grounds for the opposi-

tion. An extension of the time limit for filing an opposition is not provided for by law. Within the same period, the opponent must also pay the official opposition fee. In the case of an international registration designating Switzerland, the opposition period begins on the first day of the month following the month of publication in the IR register.

In addition to an earlier registered trade mark, a well-known trade mark is also considered to be an earlier trade mark. Furthermore, the owner of a filed – but not yet registered – trade mark is authorised to file an opposition. Hence, owners of unregistered trade marks (in Switzerland) are entitled to file an opposition against a later trade mark, provided that the trade mark either qualifies as a notorious or well known trade mark in Switzerland or has at least been applied for with the IPI.

5.2 Legal Grounds for Filing an Opposition

The legal grounds for filing an opposition are, according to Article 3 of the Swiss Trade Mark Protection Act, that the earlier trade mark is excluded from trade mark protection due to relative grounds for refusal.

In particular, grounds for filing an opposition are that:

- the later sign is identical to an earlier trade mark and the sign is intended for the same goods or services as the earlier trade mark;
- the sign is identical to an earlier trade mark and the sign is intended for similar goods or services, so that there is a likelihood of confusion; or
- the sign is similar to an earlier trade mark and the sign is intended for the same or similar

goods or services, so that there is a likelihood of confusion.

Dilution or exploitation of reputation cannot be claimed in opposition proceedings, but only in the regular courts.

5.3 Ability to File an Opposition

For the initiation of opposition proceedings (and court proceedings), there is, in principle, no requirement to mandatorily be represented by an attorney in Switzerland. However, it follows from the procedural rules under trade mark law that the applicant must have at least an address for service in Switzerland. Mandated attorneys in Switzerland usually ensure such.

Under today's status, the opposition fee, as defined by the IPI, amounts to CHF800. In addition, if legal representation is mandated, costs for the respective attorney fees incur separately. The attorney costs usually vary depending on the complexity of the opposition proceedings. However, with the decision of the IPI on the opposition, the IPI shall determine whether and to what extent the costs of the successful party shall be compensated by the other party.

5.4 Opposition Procedure

The opposition proceeding must be initiated in writing within three months. From this point on, the formal opposition is filed with the IPI. The IPI subsequently carries out an examination and, in this context, evaluates the identification of the opponent, the register or application number of the relevant trade marks, and the legal scope and the grounds of the opposition. In addition, the IPI checks whether the required opposition fee has been paid by the opponent in due time.

In the event all requirements are met, the IPI sets a time limit for the counterparty to submit a writ-

ten response. The counterparty's statement is usually followed by a second exchange of correspondence. The opposition proceedings are thus exclusively conducted in writing and are terminated at the latest after the second exchange of correspondence by means of a decision of the IPI, resulting in rejection or approval.

In summary, it has to be noted that opposition proceedings offer an alternative to regular court proceedings and, therefore, allow the owner of an earlier trade mark in a relatively simple way to enforce its exclusive right towards the applicant of a later mark. However, this also means that only limited legal grounds can be raised in such opposition proceedings and they cannot replace regular court proceedings.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Decisions of the IPI following from opposition proceedings can be appealed to the Federal Administrative Court of Switzerland. The Federal Administrative Court then makes a final decision, which precludes any further appeal to the highest Swiss court (the Federal Supreme Court) with respect to decisions in connection with the opposition proceedings.

However, the decision on the opposition does not have substantive legal effect (*materielle Rechtskraft*). If the opposition is rejected (or upheld) by the IPI, the other party is always free to file an action before a regular civil court. If a party decides to leave the decision of a trade mark dispute to a civil court during ongoing opposition proceedings before the IPI, the opposition proceedings before the IPI must be suspended.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

Any person may file a request for cancellation of the trade mark with the IPI on the grounds of non-use of the trade mark at any time. Such request may be filed at the earliest within five years following the expiry of the opposition period, or, alternatively, in the event of opposition proceedings, five years after the conclusion of opposition proceedings.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Revocation or cancellation proceedings before the IPI – which are administrative in nature – are (only) available due to non-use of the respective trade mark. Further cancellation reasons have to be examined through civil court proceedings (or through opposition proceedings). The decision of the IPI may be appealed to the Federal Administrative Court.

6.3 Ability to File a Revocation/Cancellation Proceeding

Any natural or legal person may file an application for cancellation of a trade mark on the grounds of non-use. A legal interest is not required to initiate trade mark cancellation proceedings before the IPI.

6.4 Revocation/Cancellation Procedure

Cancellation proceedings may be initiated either before the IPI due to non-use of a trade mark or by initiating opposition proceedings within three months after publication in the trade mark register. Alternatively, the cancellation of a trade mark requires a final civil court decision holding that a respective trade mark must be cancelled based on legal grounds such as absolute or relative

grounds for refusal. If no proceedings are initiated, an applied trade mark will generally remain on the Swiss trade mark register.

6.5 Partial Revocation/Cancellation

A trade mark may be cancelled partially in cancellation proceedings.

6.6 Amendment in Revocation/Cancellation Proceedings

Disclaimers may be amended on the list of goods and services.

6.7 Combining Revocation/Cancellation and Infringement

The defence of non-use of a trade mark can also be raised as a defence in ordinary proceedings against an action for an injunction.

6.8 Measures to Address Fraudulent Marks

Trade marks that were filed fraudulently must be cancelled before an ordinary civil court by means of an action for cancellation.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

Defence actions are generally not subject to the statute of limitations (ie, actions for declaratory judgment, injunctions and actions to remedy an existing infringement). The admissibility of such actions can only be prevented by the loss of the legal interest in the civil action; ie, forfeiture.

However, according to current Swiss case law, such forfeiture may not be affirmed easily and usually requires at least five years of inactivity and knowledge of the infringing acts on the side of the entitled person. Furthermore, the party

being infringed can counteract the forfeiture of its claims with a warning notice; ie, a cease and desist letter (“C&D letter”). The warning notice interrupts the forfeiture period. Conversely, such notice destroys the good faith of the infringer (at least temporarily).

However, with respect to further civil claims such as claims for damages and compensation, the regular statutes of limitation apply; to claims for damages and claims for handing over of profits the statute of limitations is three years and starts after knowledge of the damage and the identity of the damaging party. The three-year period begins to run in the event the infringing conduct ceases. As long as the infringer continues to perform infringing acts, the question of limitation does not arise. Furthermore, if the infringer acts criminally and intentionally, a longer statute of limitations applies.

7.2 Legal Grounds for Filing Infringement Lawsuits

C&D Letter

In general, owners of earlier trade marks may prohibit others from using an identical or similar mark for identical or similar goods, including company names and domain names. However, before the owner of a registered trade mark initiates the judicial enforcement of their trade mark rights and files a corresponding lawsuit, they will usually contact the alleged infringer by means of a C&D letter.

Before the initiation of regular court proceedings, there is the possibility in urgent cases that the trade mark owner may enjoin so-called precautionary/provisional measures (in particularly urgent matters so-called superprovisional measures) ordered by the competent court. Due to time urgency, the other party will usually not be contacted by means of a C&D letter. In this

regard, it has to be noted that a prior warning via C&D letter and/or enjoining precautionary measures is not mandatory under Swiss law to initiate legal proceedings. Hence, legal proceedings can also be initiated immediately before the competent court by means of a regular action.

Initiating Legal Actions

Under applicable Swiss law, legal actions can only be initiated by the trade mark owner if the trade mark serving as the basis for the action is already registered in the Swiss trade mark register with the IPI. Thus, there is no right of action if the owner of a trade mark has so far only filed a trade mark application which is still pending with the IPI.

Cybersquatting

Cybersquatting may be combated within the framework of trade mark law. According to Swiss trade mark law, the trade mark owner has the exclusive right to use and dispose of the trade mark to identify the goods or services for which it is claimed. Reserved is Article 15 of the Swiss Trade mark Protection Act according to which the proprietor of a famous trade mark may also prohibit others from using their trade mark for any type of goods or services if such use threatens the distinctiveness of the trade mark or exploits or damages its reputation. As long as no commercial activities are carried out by using a certain trade mark, no action can be taken against the infringer.

Other Options

As an alternative, however, name and personality rights as well as company law and unfair competition law are potentially available in such cases. For instance, the Swiss Unfair Competition Act may allow proceedings against unfair behaviour. This may include, inter alia, hindering and blocking as well as unnecessary imita-

tion and exploitation of reputation or creation of a risk of confusion. Furthermore, the World Intellectual Property Organization (WIPO), having established a special panel for that purpose, which may decide disputes concerning domain names.

7.3 Parties to an Action for Infringement

Primarily, the right-holder – ie, the owner of the trade mark, is entitled to bring an action before a competent court (plaintiff). In contrast, the infringer of the trade mark rights acts as defendant to the proceedings. In this connection, the defendant during the proceedings is always the infringer – ie, the person or company violating Swiss trade mark law (Article 13, or in certain cases, Article 15, paragraph 1 (ie, famous trade marks) of the Swiss Trade Mark Protection Act).

An action for performance may be raised only after the entry of the trade mark Swissreg. Claims for damages may be raised retroactively from the time at which the defendant obtained knowledge of the content of the application for registration (Article 55 paragraph 2 bis of the Swiss Trade Mark Protection Act).

Based on the explicit legal provision of Article 55, paragraph 4 of the Swiss Trade Mark Protection Act, the exclusive licensee furthermore is also entitled to initiate legal proceedings before a competent court. In particular, this means that any person who holds an exclusive licence is entitled to bring a separate action irrespective of the registration of the licence in the trade mark register unless this is expressly excluded in the licence agreement. Any exclusive licensees may join an infringement action in order to claim for their own damages. Conversely, non-exclusive licensees have no legal standing by law.

7.4 Representative or Collective Actions

A legal instrument such as a US class action does not exist under Swiss law. In order to participate in the legal effects of a court judgment, the interested parties concerned must also participate and be named explicitly as party in the court proceedings as such and thus have to be named as plaintiffs to the respective action. For this purpose, a “joinder of parties” is available under Swiss civil procedural law.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites with regard to filing a lawsuit such as prior mediation, conciliation attempts or submission of C&D letters, etc (Article 197 ff of the Swiss Civil Procedure Code).

With respect to opposition proceedings, see **5. Opposition Procedure**.

7.6 Initial Pleading Standards

In order to initiate litigation, whether preliminary or regular proceedings, a statement of claim must be filed with the competent court. As mentioned in **7.5 Prerequisites and Restrictions to Filing a Lawsuit**, in Switzerland, a single cantonal court, usually the Highest Court and, where available, the Commercial Court, has sole jurisdiction to hear trade mark disputes.

The statement of claim shall include, inter alia, the statement of value in dispute, the allegations of fact, and notice of evidence offered for each allegation of fact. Accordingly, the statement of claim must specify the claims asserted and must provide detailed facts and present the grounds on which these claims are based. In general, trade mark proceedings follow the applicable standard civil procedure rules as applicable to non-intellectual property civil proceedings.

7.7 Lawsuit Procedure

In principle, the trade mark owner has the possibility to file their lawsuit at any time with a competent court. Due to the specific subject matter of intellectual property law, the legislator has provided for some cantonal court authority to handle, among other things, trade mark disputes (Article 5, paragraph 1 lit a of the Swiss Civil Procedure Code). The respective court in this connection is usually either the higher court of the canton concerned or, if available, the commercial court of the canton in which such a court exists (ie, at the moment Cantons of Zurich, St. Gallen, Berne and Aargau).

Decisions on trade mark disputes can then be appealed to the Federal Supreme Court. Thus, Swiss law follows a system of two instances with respect to civil claims regarding intellectual property rights.

7.8 Effect of Trade Mark Office Decisions

The IPI is responsible for the registration process of a trade mark and objection to registered trade marks by so-called opponents. The IPI has certain competencies in the field of administrative law and conducts the trade mark registration examination process and, provided opposition proceedings are initiated, co-ordinates and decides oppositions that may be filed by earlier trade mark right-holders.

Opposition proceedings are purely administrative. The proceedings are concluded by a decision of the IPI (ie, approval or rejection). However, the judgment has no substantive legal force. Accordingly, in the event of a rejection of the IPI following the opposition proceedings, the opposing party still has the option of initiating regular court proceedings before a civil court. In the event that the opposition is upheld by the IPI, it remains possible for the other party to sue

for negative declaratory judgment in civil court proceedings. Hence, the final decision on the admissibility of a trade mark ultimately rests with the competent civil court.

Moreover, even during ongoing opposition proceedings before the IPI, there is always the possibility, from the point of view of both parties involved, to initiate parallel proceedings before a competent civil court. In this case, the opposition proceedings before the IPI must be suspended accordingly and the decision from the civil court proceedings must be awaited.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

As mentioned, the judgment of the IPI has a purely administrative effect and is therefore not binding with respect to potential civil court proceedings. In principle, the defendant (or the alleged infringer/opposed party) has the option of initiating a negative declaratory action before a competent civil court at any time prior or during opposition proceedings. In the latter event, the proceedings before the IPI will be suspended.

7.10 Counterfeiting

Since counterfeits have enormous potential to cause damages to the holder of a trade mark, the Swiss Trade Mark Protection Act explicitly prohibits any manufacture and/or sale of counterfeits. It is furthermore forbidden to import counterfeits into Switzerland, which also applies to private individuals. The Swiss Trade Mark Protection Act prohibits not only the unauthorised imitation of protected products (by trade mark law) and the trade in these counterfeits, but also their import, export or transit through Switzerland.

In order to enforce these regulations, the Swiss Customs Administration has been given the appropriate powers. If Customs finds counterfeit goods in tourists' luggage, for example, or in parcels sent by the post office, Customs is entitled to detain and destroy such goods. The Swiss Customs Administration will also inform the right-holder following such event (eg, the owner of the trade mark). The right-holder then has the possibility to take civil action against any person who tried to bring a counterfeit of such goods into Switzerland. Anyone who intentionally infringes a trade mark right for commercial purposes is also liable to criminal prosecution.

If Customs discovers large consignments where there is a suspicion that someone intended to import counterfeits on a commercial basis, the state must take action *ex officio* – ie, without a request from the right-holder. In such cases, a prison sentence of up to five years or a fine of approximately CHF1 million may be imposed.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no jury decisions within court proceedings or any other administrative law-based proceedings. In principle, court proceedings with respect to trade mark disputes follow the same rules and principles of regular civil procedure law. However, the Swiss Trade Mark Protection Act (as well as related ordinance law) regulates the civil procedure with respect to trade mark disputes selectively with regard to certain issues such as the admissible types of action (ie, the declaratory action, the action for performance and the action for assignment of a trade mark), the shifting of the burden of proof in the case of indications of origin, the right of associations,

consumer organisations to file suit, the confiscation of objects in civil proceedings, the initiation of precautionary measures and the publication of civil court judgments.

Declaratory Judgments

As a general rule, any person who can demonstrate a legal interest may apply to the court for a declaratory judgment as to whether a right or legal relationship governed by the Swiss Trade Mark Protection Act does or does not exist. Furthermore, with respect to trade mark litigation, the plaintiff may bring an action for the assignment of the trade mark instead of a declaration of nullity of the trade mark registration if the defendant has usurped the trade mark. This right, however, shall lapse two years after publication of the registration or after withdrawal of the proprietor's consent under Article 4 of the Swiss Trade Mark Protection Act.

In particular with respect to the action for performance, the law states that any person whose right to a trade mark or an indication of source is infringed or threatened may request the court:

- to prohibit an imminent infringement;
- to remedy an existing infringement; or
- to require the defendant to provide information on the origin and quantity of items in their possession that unlawfully bear the trade mark or the indication of source and to name the recipients and disclose the extent of any distribution to commercial and industrial customers.

In its judgment concerning trade mark disputes, the competent court may order the forfeiture of items, which unlawfully bear a trade mark or an indication of source or of equipment, devices and other means that primarily serve their manufacture.

Preliminary Measures Requests

Any person requesting preliminary measures concerning trade mark disputes may, in particular, request that the court orders measures to:

- secure evidence;
- establish the origin of items unlawfully bearing a trade mark or indication of source;
- preserve the existing state of affairs; and
- provisionally enforce claims for injunctive relief and remedy.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

During civil proceedings, the plaintiff has to establish that the defendant illicitly used the queried trade mark (or sign) for marketing respective goods and/or services. Purely descriptive use of a sign does not violate Swiss trade mark law, but may be problematic (under certain circumstances) in the light of unfair competition law.

8.3 Factors in Determining Infringement

The decisive criterion is the likelihood of confusion. Whether such a likelihood exists has to be determined by the overall impression based on the criteria of identity/similarity of the signs and identity/similarity with respect to the goods and services offered (*Gleichartigkeit*). In other words, the more similar the goods and services offered are, the greater the difference between the marks must be.

The calculation also takes into account the target group for the goods and services offered and the effect of the signs within this target group. As a result, the assessment of these criteria is always a matter of discretionary decision-making. The higher the degree of similarity of the older mark, the more likely the court must assume a likelihood of confusion.

8.4 Elements of Other Trade Mark Claims

A mere dilution of the trade mark cannot be asserted on the basis of trade mark law if no trade mark-relevant actions are carried out with a use of the trade mark or a younger sign, respectively. Complementary to trade mark law, however, claims under unfair competition law as well as name, personality and company name law are also available (eg, regarding cybersquatting).

8.5 Effect of Registration

Although the registration of a trade mark is mandatory in order to be able to assert claims under trade mark law, the effects of the trade mark registration remain limited. In particular, the entry on Swissreg lacks positive legal effect/force under Swiss law. Information provided in the Swiss trade mark register has no formal publicity, so that the content of the register entry is not deemed to be generally known.

In Swiss trade mark law, there is no shifting of the burden of proof in civil court proceedings due to information provided in the trade mark register so that the regular civil procedure rules of evidence apply. As a result, the trade mark register (except for its constitutive effects on trade mark rights) has only informative and practical relevance. The judge does not have to assume the legal validity of the trade mark because of the registration, which is why a trade mark can also be challenged by way of a defence.

8.6 Defences Against Infringement

An action for a declaratory judgment or an action for an injunction can be filed against the infringement of trade mark rights. At the same time, the same rights with regard to the determination of non-infringement are also available to the party wishing to defend itself against an unfair accusation of trade mark infringement. The subject

matter of such legal proceedings may be, for example, the descriptive character, non-use of a trade mark, forfeiture or infringement of competition law.

8.7 Obtaining Information and Evidence

Swiss trade mark law does not provide for disclosure. If the owner has filed an action against the infringer before a civil court, the respective owner of a trade mark is explicitly entitled to claim for disclosure of certain information against the defendant. This means that any person whose right to a trade mark or indication of source is infringed or threatened may request the court to require the defendant to provide information on the origin and quantity of items in their possession that unlawfully bear the trade mark or the indication of source and to name the recipients and disclose the extent of any distribution to commercial and industrial customers to assess damages.

8.8 Role of Experts and/or Surveys

Each party may present expert testimonies or statements as well as expert surveys during civil proceedings. Certain factual issues cannot be sufficiently proven in civil proceedings without expert surveys or opinions. Hence, expert surveys and/or testimonies may be of importance in trade mark disputes. In particular, consumer surveys regularly constitute a relevant factor and may even be decisive for the decision of the court in the respective case.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Swiss trade mark law specifically includes several provisions concerning criminal offenses in connection with the use of trade marks. For example, on complaint of the injured party, any person who wilfully infringes the trade mark right

of another is liable to a custodial sentence not exceeding one year or a monetary penalty if they:

- appropriate, counterfeit or imitate the trade mark of the other person; or
- place goods on the market or provide services, or offer, import, export, carry in transit, store for the purpose of placing on the market or advertise such goods or services under the appropriated, counterfeited or imitated trade mark.

8.10 Costs of Litigating Infringement Actions

The costs of a trade mark lawsuit include court costs (*Gerichtskosten*), which depend on the value matters and usually start in trade mark cases at about CHF8,000. The lawyer's fees for drafting and submitting an infringement claim start at about CHF15,000, depending on the complexity of each case.

9. Remedies

9.1 Injunctive Remedies

A trade mark may be enforced through preliminary injunction.

To grant a preliminary injunction, the party is required to prove:

- that the claim of the requesting party has occurred or is imminent;
- that the infringement threatens to cause a prejudice that cannot be easily remedied;
- there is some urgency; and
- that the party requesting the preliminary injunction has a sufficient interest in legal protection.

The defence of the opposing party refers to the same procedurally relevant arguments as the aforementioned. Under Swiss civil procedure law, there is also a special means of defence in the form of a protective letter. If a party fears that it may be sued in court in the future (including the initiation of precautionary/preliminary measures), it can send the court a protective letter with the arguments as to why, in the event that precautionary measures are initiated, the motions of the suing party should not be granted.

9.2 Monetary Remedies

Apart from the actions of performance, the actions brought under the Code of Obligations for damages, satisfaction and handing over of profits in accordance with the provisions concerning agency without authority remain reserved (Article 55 paragraph 2 of the Swiss Trade Mark Protection Act).

The focus is usually on compensation for lost profit or loss of sales as Swiss law does not entail punitive damages.

9.3 Impoundment or Destruction of Infringing Articles

Switzerland does provide a remedy of impoundment and/or destruction of infringing products. Any person whose right to a trade mark or an indication of source is infringed or threatened may request the court to remedy an existing infringement. Impoundment of items with subsequent destruction is usually the most important means to remedy an existing infringement. As the remedy of an existing infringement is subject to the principle of proportionality, impoundment and destruction shall only be ordered if less drastic orders are not expedient.

The owner of a trade mark in particular may also ask the Customs Administration for the

destruction of goods alongside with the request to refuse the release of goods, if they have clear indications of the imminent transport of goods that unlawfully bear a trade mark or an indication of source into or out of the customs territory of Switzerland (Article 72 of the Swiss Trade Mark Protection Act). If the destruction of goods proves to be unjustified afterwards, the applicant is exclusively liable for the resultant loss (Article 72 f of the Swiss Trade Mark Protection Act).

9.4 Attorneys' Fees and Costs

The costs for litigation consist of attorney's fees and court costs. Court costs are calculated based on the value in litigation, which is set in the claim and in a potential counterclaim by the parties. Before trial, the claimant is obliged to make an advance payment for the estimated court costs calculated by the court. As the courts generally publish schedules for the court costs, the parties can estimate those costs beforehand.

The attorneys' fees are generally set by the attorneys as well as the parties on a private basis and depend on the complexity and length of the preparation and proceedings. The prevailing party is entitled to recover the court costs and part of its attorneys' fees from the losing party. In the case of a partial decision, the court will split these costs and fees accordingly between the parties.

9.5 Ex Parte Relief

In general, notice is required. Only in cases of special urgency, and in particular where there is a risk that the enforcement of the measure will be frustrated, the court may order the interim measure immediately and without hearing the opposing party (Article 265 of the Swiss Civil Procedure Code). The special urgency may be given in particular, if there is a risk that the

opposing party will make it impossible for the claimant to realise their rights.

In those *ex parte* interim measures, the parties will be summoned to a hearing or the opposing party will be asked to submit a written statement. This way, the right to be heard at a certain stage during the proceedings is sufficiently granted to the opposing party.

9.6 Rights and Remedies for the Prevailing Defendant

Civil remedies typically include damages with regard to reimbursement of legal costs including court costs as well as attorney's fees. The prevailing defendant may furthermore use the judgment to make use of their trade mark in practice since the judgment (provided no remedies have been invoked) gains legal force between the respective parties. Furthermore, potential criminal charges will be dismissed.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The Federal Customs Administration is authorised to withhold infringing goods upon request of the trade mark owner or on their own accord. Within ten days after notification of the withholding of potentially infringing goods (extendable by another ten days), the trade mark owner must obtain an injunction by a civil court, a seizure order by a criminal prosecution authority or obtain the goods' owner to agree to the destruction of the withheld goods.

9.8 Different Remedies for Different Types of Trade Marks

Swiss civil procedure law and trade mark law do not contain differing types of remedies with respect to different types of trade marks. Hence, the regular remedies are available to each type of trade mark or issue in this connection.

10. Resolving Litigations

10.1 Options for Settlement

Swiss Law does not provide for detailed settlement mechanisms. The opposing parties, in general, are free to settle at any time and at any stage. Swiss Civil Courts usually invite the parties to a reconciliation hearing after the first exchange of writs. Those hearings are effective; approximately 80% of all trade mark cases are settled in such hearings.

10.2 Prevalence of ADR

Swiss law does not contain any mandatory provisions regarding ADR mechanisms. Hence, the plaintiff may take direct legal action without being obliged to initiate any ADR. However, the parties may contractually provide for arbitration proceedings. This dispute resolution mechanism is, in particular, relevant in connection with licence agreements.

10.3 Other Court Proceedings

Trade mark proceedings in Switzerland may be either administrative or civil. In particular, opposition and/or cancellation proceedings due to non-use can be initiated before the IPI and are of administrative nature. Such administrative proceedings before the IPI may only be initiated in compliance with certain deadlines (three-month period in opposition proceedings and five years of non-use for trade mark cancellation proceedings). Outside of administrative proceedings before the IPI, civil court proceedings, in principle, may be initiated at any time including examination of infringing actions, etc. Decisions made during civil court proceedings are binding on the IPI, which is why parallel proceedings before the IPI have to be suspended in the event civil court proceedings are ongoing.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Under Swiss procedural law, only two instances are available for civil intellectual property disputes. Since only one cantonal instance decides on a case, the appeals are directed to the Federal Supreme Court.

A decision may be appealed within 30 days after the written opening of the decision. It usually takes between one to three years to obtain a judgment before the cantonal court.

11.2 Special Provisions for the Appellate Procedure

Swiss law does not foresee any special provisions concerning the appellate procedure for civil trade mark proceedings and therefore such proceedings follow the regular civil procedure rules.

11.3 Scope of the Appellate Review

The Federal Supreme Court primarily judges violations of the law, and a review of the determination of the facts is only possible in exceptional cases. This means that the lower court's determination of the facts is binding on the Federal Supreme Court. An incorrect determination of the facts may only be asserted if it is:

- obviously incorrect; or
- based on a violation of the law, whereby in both cases it would have to be further shown that the rectification of the defect may be decisive for the outcome of the proceedings.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark may also be protected by copyright or related rights if the applicable prerequisites and conditions are met. For example, in order to enjoy protection under copyright law, a logo would need to be an intellectual creation of individual character. Other related rights are rights under name and personality law, company name law as well as unfair competition law. The rules under unfair competition law are regularly invoked in connection with trade mark disputes and may offer a good legal alternative to successfully enforce against unauthorised use of marks.

12.2 Industrial Design

A trade mark may also be protected by industrial design laws in case the prerequisites applicable are met. There is cumulative design protection by design and trade mark law.

12.3 Rights of Publicity and Personality

Article 2 of the Swiss Trade Mark Protection Act contains absolute grounds for refusal. Signs contrary to public policy, morality or applicable law are such an absolute ground for refusal. These grounds are also applicable if famous signs violate, for example, the moral opinion. Simple publicity and fame of a person do not usually lead to prohibiting others from using the designation/sign in question under Swiss trade mark law.

If there is no collision with third party rights, parties are allowed to use publicly known designations. Misrepresentation or misleading use by using famous names is not allowed. In the case of a very famous person, a risk of misrepresenta-

tion or misleading use could be assumed under certain circumstances.

12.4 Unfair Competition

In Switzerland a trade mark may also be protected by the federal law against unfair competition, if the prerequisites are met. It aims to ensure fair competition and protect, among other things, against reputational exploitation and business conduct that is contrary to good faith or morality. Unfair and unlawful actions are, for example, actions of a competitor that may cause confusion between products and thus mislead customers. If these conditions are met, action against imitation and counterfeiting may be taken under the federal law against unfair competition.

13. Additional Considerations

13.1 Emerging Issues

In 2017, the special rules governing the use of designations such as “Swiss quality”, “Made in Switzerland” or “Swiss Made” have been updated (ie, Swissness). Such marks may only be used for goods or services manufactured in Switzerland (and only under certain circumstances and conditions). How much “Switzerland” a product must contain for it to be allowed to be marketed under such a designation is primarily defined in the Swiss Trade Mark Protection Act. The Trade Mark Protection Act distinguishes between the categories food, natural products and industrial products. The latest revision (ie, Swissness Revision) provided a better protection for Swiss geographical indications.

13.2 Trade Marks and the Internet

Marketing products on the internet, in general, follows the same rules as every other sales platform. If trade mark rights are violated the owner has the right to prohibit such use by invoking trade mark law. In practice warning letters are issued to evaluate the legal arguments of the counterparty as well as to avoid unnecessary litigation. The purpose of warning letters is therefore to convince the counterparty to (immediately) cease and desist from causing further trade mark violations.

13.3 Trade Marks and Business

Intellectual property rights are becoming increasingly important for companies’ assets, which is why legal protection is also becoming more important. Trade mark protection law is only available for registered trade marks being used for respective goods and/or services. It is therefore advisable to register trade marks if they are considered important for a business.

Even in the absence of a trade mark registration, the existing use of a sign can be preserved in case of a later trade mark registration of the sign by a competitor. In this case, however, the preservation of such use is very limited and users of such signs do not have the option to further expand the use of their sign – ie, self-use limitation.

MLL Legal has an IP Team that has grown steadily since the 1990s, comprising some of Switzerland's leading intellectual property lawyers, covering all aspects of patent, know-how, trade mark, copyright, design and unfair competition law. This includes clarifying the non-infringement of third-party rights, management of worldwide IP portfolios, exploitation and enforcement of intellectual property rights and defence against infringement allegations, both out

of court and before state courts and arbitral tribunals. The firm's highly experienced team has the specialised expertise and human resources to help Swiss and foreign clients succeed. The firm typically works in an international context. The firm, as it follows the important legal, economic and technical developments in Switzerland and worldwide, often helps shape them. Clients include innovative companies, whether small, medium-sized or large.

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Trends and Developments

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Introduction

In the past year, the Swiss Supreme Court (SSC) rendered noteworthy decisions clarifying fundamental questions in Swiss trade mark law, inter alia, relating to the three-dimensional trade mark protecting the Lindt golden bunny and the standard of proof for acquired distinctiveness (SSC decision of 30 August 2022, 4A 587/2021), as well as the misleading and indistinctive nature of event trade marks (SSC decision of 6 April 2022, 4A 518/2021 and 4A 526/2021).

In terms of legislative developments, Germany gave notice to terminate a bilateral treaty with Switzerland with effect of 31 May 2022, ending the mutual recognition of trade mark use occurring on the other signatory party's territory that had formed a privilege for trade mark holders in the Swiss and German jurisdictions for over 100 years.

Lastly, the Federal Intellectual Property Institute (IPI) decided to lower its trade mark registration fees according to a gradual fee reduction schedule beginning on 1 July 2023.

Golden Bunnies – Acquired Distinctiveness of Lindt's 3D Trade Mark

In a noteworthy decision, the SSC confirmed the trade mark protection of Lindt & Sprüngli AG's iconic tin foil-wrapped chocolate bunnies (SSC decision of 30 August 2022, 4A 587/2021). Its decision essentially dealt with two questions: the standard of proof for an acquired distinctiveness and the likelihood of confusion with non-colour-coded 3D trade marks.

Background

Lindt & Sprüngli AG ("Lindt") had filed a lawsuit against Lidl Schweiz AG and Lidl Schweiz DL AG (collectively "Lidl") based on two three-dimensional trade marks, one in greyscale without colour claims, and one with colour claims, ie, the gold-coloured foil wrapping and the red ribbon. In its suit, Lindt requested an injunction banning sales and ordering the destruction of Lidl's chocolate bunnies, irrespective of their colour. While the lower court had dismissed Lindt's claims, the SSC decided in favour of Lindt and remanded the matter to the lower court.

Surveys Commissioned by a Party as Proof of Acquired Distinctiveness

Like other types of trade marks, three-dimensional trade marks are in principle excluded from trade mark protection if they belong to the public domain, including for lacking inherent distinctiveness. A shape lacking inherent distinctiveness can however acquire distinctiveness and an according trade mark protection through use. A mark is considered having acquired distinctiveness if it is understood by a significant part of the relevant target group as a distinctive reference to a certain undertaking. Distinctiveness can issue from facts evidencing an association by the public of the sign with a specific undertaking, including, significant sales made under a sign over several years or extensive advertising efforts. It can also be established by conducting representative surveys.

In several instances of its reasoning, the SSC reaffirmed prior decisions emphasising surveys as the most effective and favourable means of

establishing proof. According to the SSC, a survey conducted according to scientifically sound methodology is suitable to prove an acquired distinctiveness, even if it was commissioned by a party to the proceeding and not by a court-appointed expert. The Court qualified the survey results as documentary evidence and held that questions regarding the survey's methodology and impartiality of the authors were subject to the Court's freedom of appreciation. Consequently, the SSC admitted a survey conducted by a third party related to Lindt representatives and introduced into the proceedings by Lindt as proof of acquired distinctiveness.

Interestingly, in an obiter dictum, the Court also accepted the acquired distinctiveness of the Lindt bunny as being notoriously known to the Court and not requiring proof.

Likelihood of confusion with greyscale 3D shape

As to a likelihood of confusion created by the Lidl bunny, the SSC held that – while the Lindt and Lidl bunnies differed in the colour and design of the pendant, their posture, paws and facial expression – the essential features dominating in the consumer recollection were identical, notably a stylised, compact bunny sitting on all four paws, with a ribbon, a pendant, a stern look, few facial features, broad and slightly slanted ears and smooth-surfaced wrappings.

The Court further concluded there was a risk of confusion of Lidl bunnies in all colour combinations based on the Court's admission of acquired distinctiveness of Lindt's non-colour-coded greyscale trade mark.

The decision has been questioned, in particular due to its broad protection of Lindt's greyscale mark, effectively prohibiting chocolate bunnies

of similar design in all colour patterns, including red-eyed green bunnies or green-eyed red bunnies, without requiring proof evidencing that consumers attribute all such coloured chocolate bunnies to Lindt, or addressing to what extent competitors must be free to sell chocolate bunnies sitting on all fours for Easter.

Qatar World Cup 2022 – Misleading and Descriptive Nature of Event Marks

In a decision relating to trade mark applications filed in the name of Puma SE ("Puma") and in the name of the *Fédération Internationale de Football Association* (FIFA), the SSC took the occasion to clarify the requirements for event marks (SSC decision of 6 April 2022, 4A 518/2021 and 4A 526/2021).

Background

Having filed an application for word and figurative marks containing the elements "Qatar 2022" and "World Cup 2022", FIFA, inter alia, requested the cancellation of Puma's trade marks composed of the word sequence "Puma World Cup Qatar 2022" and "Puma World Cup 2022" before the commercial court of Zurich. In turn, Puma filed a counteraction requesting the cancellation of FIFA's trade marks. The lower court dismissed both actions and upheld all registrations.

Descriptive nature despite graphic elements and misleading attribution of sponsorship

On appeal, the SSC ruled that FIFA's word and figurative marks lacked distinctiveness due to their descriptive nature. The figurative elements containing a stylised soccer ball were insufficient to form a distinctive character. The Court concluded that the word and figurative elements belonged to the public domain and that the trade mark registrations were thus incompatible under Article 2(a) of the Federal Trade Mark Protection Act (TmPA).

As to Puma's trade marks, the SSC held that Puma's trade marks were misleading and therefore contrary to Article 2(c) TmPA. The combination of elements composing the Puma trade mark were likely to create a risk of misleading relevant consumer targets. Consumers would be susceptible to wrongly assume a special relationship existed between Puma and the football World Cup organisation, and wrongly conclude that Puma was the main sponsor, privileged supplier or comprehensive outfitter of the 2022 World Cup.

Trade Mark Use in Germany no Longer Qualifying as Use in Switzerland

As in other jurisdictions, the use of a trade mark is a requirement for maintaining its validity and enforceability under Swiss law. In principle, such use must take place in Switzerland.

However, up until 31 May 2022, under Article 5 of a treaty between Switzerland and Germany concluded in 1892 (the "Treaty"), the use of a trade mark in Germany had been deemed sufficient to maintain the validity and enforceability of the corresponding Swiss trade mark and vice versa.

Following a decision of the European Court of Justice (CJEU) of 22 October 2020 (C-720/18 and C-721/18 – Testarossa), Germany gave notice to terminate the Treaty in December 2021. The CJEU had held that the Treaty was incompatible with European law (ie, Directive (EU) 2015/2436 to approximate the laws of the Member States relating to trade marks). The termination of the Treaty took effect on 31 May 2022.

The IPI has since communicated that the Treaty will remain applicable in all opposition proceedings in which non-use is alleged, as well as in all cancellation proceedings due to non-use for all periods of use preceding the termination of the Treaty. By contrast, evidence relating to a use that occurred in Germany after 31 May 2022 will no longer suffice.

Reduction of IPI Registration Fees

Thanks to its favourable finances, the IPI will reduce its fee schedule gradually as follows: from 1 July 2023, the trade mark registration fees for three classes of goods and services will be reduced from CHF550 to CHF450. Likewise, the individual fees for the protection of an international trade mark in Switzerland in three classes of goods and services will be reduced by CHF50. Further, the IPI will grant a rebate of CHF100 for registration applications submitted electronically. From 1 July 2024, the fees for extending the validity of a trade mark will be reduced from CHF700 to CHF650.

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Bär & Karrer Ltd is a leading Swiss law firm with more than 220 lawyers in Zurich, Geneva, Lugano, Zug and Basel. Its core business is advising clients on innovative and complex transactions and representing them in litigation, arbitration and regulatory proceedings. The firm's clients

range from multinational corporations to private individuals in Switzerland and around the world. **Bär & Karrer** has been repeatedly recognised by the most important international legal ranking agencies.

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The [Trademark Act](#) governs trade marks in Taiwan.

1.2 Types of Trade Marks

Taiwan has had service marks and goods marks in the past, but these now fall under the umbrella of trade marks. Certification marks, collective marks and collective trade marks also exist. There is no stipulation or clear definition in the law regarding what makes a mark famous, nor is there a specific law directed to trade dress, although this is briefly provided in the Goods Labelling Act and the Fair Trade Act. Rights in trade marks are provided under statutory law, but are often better delineated by various court decisions.

1.3 Statutory Marks

Taiwan has no specific marks that are protected by statute in a way differently to ordinary marks.

1.4 Well-Known Foreign Marks

Taiwan protects marks that are famous outside Taiwan but are not yet in use or registered in Taiwan.

1.5 Term of Protection

The term of trade mark protection is ten years (Article 33(1) of the Trademark Act). The trade mark owner may renew the trade mark registration before the term expires (Article 34(1)), if the request is made within six months before the expiry of the period of registration. The request for renewal of registration may also be made within six months after the expiry of the period of registration, but the renewal fee is then doubled (Article 34(1)).

1.6 Exhaustion of Trade Mark Rights

Where goods have been put on the domestic or foreign market under a registered trade mark (domestic registered trade mark) by the trade mark owner or with their consent, the trade mark owner is not entitled to claim further trade mark rights (rights to the domestic registered trade mark) for such goods, unless such claim is to prevent the condition of the goods from being changed or impaired after they have been put on the market, or if there is another reasonable ground (Article 36(2) of the Trademark Act).

1.7 Symbols to Denote Trade Marks

There is no specific symbol that trade mark owners should use to denote that a mark is registered, but the registrant may use their desired symbol or an international symbol (eg, ®) to denote the registration (Article 35(3) of the Trademark Act). Likewise, although there is no express provision regarding TM, it can be deduced from Articles 30(1)(12) and 35(3) that registrants may assert common-law rights in the mark by use of the symbol.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

No specific procedures, requirements or restrictions apply to assigning a trade mark. The trade mark assignor and assignee can enter into a verbal or written trade mark assignment agreement. However, trade mark assignment agreements are generally made in writing.

2.2 Licensing Requirements or Restrictions

No special requirements or restrictions are applicable to licensing a trade mark to a licensee, who has no locus standi to claim against any

third party, unless it is registered at the trade mark office (Article 39(2) of the Trademark Act). Any kind of licence is permissible, but the three usual types are exclusive licence, non-exclusive licence and sole licence, which differs from an exclusive licence in that it allows use, whereas an exclusive licence does not.

2.3 Registration or Recording of the Assignment

The assignment of a trade mark registration (registered trade mark) needs to be recorded at the trade mark office in order to win a locus standi against any third party. Although the assignment is effective even without official recordal, the new owner may only claim rights against the assignor (Article 42). Typical risks during the gap between the assignment taking place and its official recordal are:

- the assignor assigns the trade mark to another person again – the first assignee may not use the first assignment to claim against the second assignee if the first assignment was not recorded or registered;
- the assignor licenses the trade mark to another person – the assignee may not use the assignment to claim against the licensee if the assignment was not registered; and
- the assignor creates a pledge of the trade mark for another person – the assignee may not use the assignment to claim against the pledgee if the assignment was not registered.

2.4 Other Requirements for Licences or Assignments to be Valid

There are no other requirements that must be met for a licence or assignment to be valid.

2.5 Assigning or Licensing Applications

It is possible to assign an application for a trade mark or grant a licence in relation to it during the

application process. In addition, Taiwan does not distinguish between applications based on use and applications based on an intent to use.

2.6 Trade Marks as Security

A trade mark – including the trade mark itself, the trade mark registration and rights to the trade mark – can be given as a security or assigned by way of security (Article 44(2) of the Trademark Act). A trade mark can be the subject of a pledge (pledge of rights) (Articles 44, 45, 46(1), 92 and 93(1)(5) of the Trademark Act and Article 900 of the Civil Code). A trade mark can be levied in execution (Articles 28(1) and 46(1) of the Trademark Act).

3. Registration

3.1 Trade Mark Registration

A trade mark registration must be obtained in order to gain exclusive rights to the trade mark; however, exclusive rights to a well-known trade mark may be acquired merely by using the trade mark. A registered, well-known trade mark is protected by trade mark law, but an unregistered well-known mark is better protected by fair trade law. Specifically, although an unregistered well-known trade mark can stop or cancel an identical trade mark registration, trade mark rights may only be enforced after registration.

Generally, a trade mark consisting of, or containing, a generic or descriptive term or design cannot be registered or must provide a disclaimer, unless it has obtained a secondary meaning (acquired distinctiveness). This applies to trade dress or 3D trade marks where the Intellectual Property Office asks the applicant to show its secondary meaning or acquired distinctiveness before it may be registered. There might be a slight deviation for a certification, collective mark

or collective trade mark because the geographical name (name for a place of origin) serves only to certify the place of origin of the goods or services.

3.2 Trade Mark Register

There is a trade mark register, which is publicly available. Different types of registers do not exist in Taiwan.

It is normal practice for large or international companies to search for prior trade marks before applying to register a trade mark, partly because the filing fees are low. Small and medium-sized companies would like the Intellectual Property Office to cover both the search and registration functions. Search resources include the following.

- The Trademark Search System (for both earlier filed trade marks and registered trade marks):
 - (a) an original Chinese version;
 - (b) a new Chinese version; and
 - (c) a new English version.
- The Directory and Case Compilation of Well-known Trademarks:
 - (a) an original Chinese version.

3.3 Term of Registration

The term of registration is ten years. The trade mark owner may renew the registration after the term has lapsed. However, the request for renewal must be made and the fee must be paid as a doubled amount within six months from the day following the date of expiry of the trade mark registration period.

3.4 Updating or Refreshing Registrations

Taiwan has no system of updating or refreshing registrations.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

There are various requirements for registration of a trade mark, including that the submission of an application to the trade mark office needs a petition and trade mark specimens (see Article 19(1) of the Trademark Act).

Refusing Registration

Registration can be refused (see Articles 29(1), 29(3), 30(1) and 30(4) of the Trademark Act) on the following absolute and relative grounds:

- the trade mark has no distinctiveness (Article 29(1));
- a part of the trade mark has no distinctiveness, but the applicant does not make a disclaimer to that purpose (Article 29(3));
- the trade mark is identical or similar to another person's registered trade mark, and the designated goods or services of the trade mark are identical or similar to those of the registered trade mark, so that there is a likelihood of confusion for relevant consumers (Article 30(1)(10)); and
- a part of the trade mark is identical or similar to another person's registered trade mark, and the designated goods or services of the trade mark are identical or similar to those of the registered trade mark, but the applicant does not make a disclaimer to that purpose (Article 30(4)).

Applicants

Trade marks may be registered by domestic and foreign natural persons, legal persons (eg, companies, limited partnerships, corporations, foundations, associations, societies), groups (eg, businesses such as partnerships and sole proprietorships, factories, private schools, pri-

vate hospitals) or government authorities/agencies (eg, the Ministry of Economic Affairs, public schools, public hospitals).

Any domestic and foreign legal persons, groups or government authorities/agencies that are competent to certify another person's goods or services can register a certification mark (see Article 81(1) of the Trademark Act). Any domestic and foreign associations, societies or any other groups that qualify as a legal person (corporations with legal status) may register a collective mark (see Article 85 of the Trademark Act).

Other Aspects Protected as a Trade Mark

Under Article 18(1) of the Trademark Act, words, devices, symbols, colours, three-dimensional shapes, motions, holograms, continuous patterns, odours, positions and any combination of the above can be registered and/or protected as a trade mark.

Other Rights

The Taiwan legal system recognises other rights to signs or source-identifiers besides trade marks, such as:

- rights to company names, under Article 18(1) of the Company Act (general company names) and Article 22(1) of the Fair Trade Act (well-known company names);
- rights to trade names (business names), under Article 28(1) of the Business Registration Act (general trade names) and Article 22(1) of the Fair Trade Act (well-known trade names);
- rights to trade dresses (eg, containers, packages or appearances of goods), under Article 22(1) of the Fair Trade Act (well-known trade dresses) and Articles 4(1) and 6(1) of the Goods Labelling Act; and

- rights to other source-identifiers (signs, symbols), contained within Article 22(1) of the Fair Trade Act (well-known source-identifiers).

Multi-class Applications

Taiwan allows multi-class applications.

4.2 Use in Commerce Prior to Registration

Taiwan's legal system does not have a requirement that an applicant use its mark in commerce before the registration is issued.

4.3 Series Mark Registrations

The registration of series trade marks is not permitted.

4.4 Consideration of Prior Rights in Registration

The trade mark office does not consider the existence of prior rights in its examination of an application for registration.

4.5 Consideration of Third-Party Rights in Registration

Third parties have no right to participate during the registration procedure.

4.6 Revocation, Change, Amendment or Correction of an Application

It is possible to revoke, change, amend or correct (or otherwise change) an application for a trade mark during the process of registration.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application. The applicant must submit a written request for division of the trade mark application to the trade mark office.

4.8 Incorrect Information in an Application

If the applicant provides incorrect information in connection with a trade mark application or other filing, the trade mark registration would be revoked. The trade mark office can decide such issues first.

4.9 Refusal of Registration

Absolute grounds for refusal of a trade mark registration include:

- lack of distinctiveness (eg, generic or descriptive designs) (Article 29(1) of the Trademark Act);
- that the mark is barely required for exercising the function of goods or services (Article 30(1)(1) of the Trademark Act);
- that the mark is identical or similar to the national flag, the national emblem, the national seal, a military flag, a military insignia, an official seal, a medal of the Republic of China or the national flag of a foreign country, or the national emblem, national seal or national insignia of a foreign country communicated by any member of the WTO under Article 6ter(3)(b) of the Paris Convention (Article 30(1)(2) of the Trademark Act);
- that the mark is identical to the portrait or name of Dr Sun Yat-Sen or the head of state (Article 30(1)(3) of the Trademark Act);
- that the mark is identical or similar to the mark of a government agency of the Republic of China, an official exhibition, or an official medal or certificate (Article 30(1)(4) of the Trademark Act);
- that the mark is identical or similar to the emblem, the flag, another insignia, the abbreviation or the name of an international inter-governmental organisation or a well-known domestic or foreign public interest institution, and is likely to mislead the public (Article

30(1)(5) of the Trademark Act) or confuse the public as to the nature, quality or place of origin of the goods or services (Article 30(1)(8) of the Trademark Act);

- that the mark is identical or similar to a domestic or foreign national sign or hallmark for quality control or warranty, and designated to be used on identical or similar goods or services (Article 30(1)(6) of the Trademark Act);
- that the mark violates public order or good morals (Article 30(1)(7) of the Trademark Act); and
- that the mark is identical or similar to a geographical indication for wine or distilled spirits of the Republic of China or a foreign country, and designated to be used on goods identical or similar to wine or distilled spirits, where the foreign country and the Republic of China enter into an agreement or jointly accede to an international treaty, or reciprocally recognise the protection of geographical indication for wine or distilled spirits (Article 30(1)(9) of the Trademark Act).

Generally, a trade mark consisting of, or containing, a generic or a descriptive term or design cannot be registered. In principle, a trade mark containing a generic or a descriptive term or design can be registered only if a disclaimer is made by the applicant. In addition, a trade mark consisting of, or containing, a descriptive term or design can also be registered if the descriptive term or design has obtained a secondary meaning (acquired distinctiveness).

4.10 Remedies Against the Trade Mark Office

Remedies against a trade mark office decision proceed sequentially, by:

- administrative appeal before the Ministry of Economic Affairs (within 30 days of the refusal by the trade mark office);
- administrative litigation before the Intellectual Property Court (within two months of a refusal by the Ministry of Economic Affairs); and
- administrative litigation appeal before the Supreme Administrative Court (within 20 days of a refusal by the Intellectual Property Court).

4.11 The Madrid System

Taiwan does not participate in the Madrid system.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

Opposition to a trade mark registration shall be filed within three months of the date of publication of registration (Article 48(1)). The period of examination for an opposition against a trade mark registration is around five months.

5.2 Legal Grounds for Filing an Opposition

The legal grounds for filing an opposition to a trade mark registration (Article 48(1)) include, in addition to those mentioned in 4.9 Refusal of Registration:

- that the mark is identical or similar to another person's registered trade mark or earlier filed trade mark, and is designated to be used on goods or services identical or similar to those on which the registered trade mark or earlier filed trade mark is designated to be used, and is likely to cause confusion or mistake among the relevant consumers (Article 30(1)(10) of the Trademark Act);
- that the mark is identical or similar to another person's well-known trade mark or mark,

- where it is likely to cause confusion or mistake among the public, or is likely to dilute the distinctiveness or reputation of the well-known trade mark or mark (Article 30(1)(11));
- that the mark is identical or similar to another person's earlier used trade mark and designated to be used on goods or services identical or similar to those on which the earlier used trade mark is used, where the applicant is aware of the existence of the earlier used trade mark due to contractual, geographical, business or any other relationship with the owner of the earlier used trade mark and files the application with the intent to imitate the earlier used trade mark (Article 30(1)(12));
- that the mark contains another person's portrait or well-known name, stage name, pseudonym or alternative name (Article 30(1)(13));
- that the mark contains the name of a well-known legal person, business or any other group, where it is likely to cause confusion or mistake among the relevant public (Article 30(1)(14)); and
- that the mark is an infringement of another person's copyrights, patent rights or any other rights, where a final and binding judgment of the court has been rendered (Article 30(1)(15)).

Taiwan recognises dilution as a ground to oppose a trade mark registration or to prevent use of a mark in a lawsuit.

5.3 Ability to File an Opposition

Any person may file an opposition (Article 48(1) of the Trademark Act). Representation is not necessary for opponents or opposers that have a residence or business office in Taiwan, but opponents or opposers that do not have such residence or business place in Taiwan do require representation.

Fees for filing an opposition include an official fee of TWD4,000 per class and an attorney fee of about TWD25,000 for an average case.

5.4 Opposition Procedure

The opposition procedure typically consists of:

- filing of an opposition (by the opponent);
- procedural examination (by the trade mark office);
- submission of a response (by the trade mark owner);
- substantive examination;
- submission of a supplementary statement (by the opponent);
- submission of a supplementary response (by the trade mark owner); and
- the making of a decision.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Legal remedies against the decision of the trade mark office regarding an opposition are, sequentially:

- an administrative appeal before the Ministry of Economic Affairs (within 30 days of the decision of the trade mark office) – the period of examination is theoretically three months, subject to a discretionary extension of a further three months;
- an administrative litigation before the Intellectual Property Court (within two months of the decision of the Ministry of Economic Affairs) – the period for trial is theoretically six months; and
- an administrative litigation appeal before the Supreme Administrative Court (within 20 days of the decision of the Intellectual Property Court) – the trial duration is about one year.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

Trade mark registration shall not be cancelled (or revoked) on the grounds prescribed in Article 63(1)(2) of the Trademark Act if the trade mark owner has commenced or resumed the use of the trade mark before the cancellation is filed, unless such use was commenced or resumed within the three months before the cancellation is filed because the trade mark owner became aware that the cancellation would be filed (Article 63(3) of the Trademark Act). There is no statutory time period for filing cancellation actions.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Remedies available for cancellation (revocation) of a trade mark include:

- administrative litigation before the Intellectual Property Court within two months of receiving the decision of the Ministry of Economic Affairs, if dissatisfied with the appeal decision of the Ministry; and
- administrative litigation appeal before the Supreme Administrative Court within 20 days of receiving the decision of the Intellectual Property Court, if dissatisfied with the decision of the Intellectual Property Court.

Reasons for the cancellation (revocation) of a trade mark include:

- the trade mark is altered into a different form or supplemented with additional signs by the owner so that it is identical or similar to another person's registered trade mark, and the goods or services for which the trade mark is used are identical or similar to those

for which another person's trade mark is designated to be used, so that it is likely to cause confusion or a mistake for the relevant consumers (Article 63(1)(1) of the Trademark Act);

- the trade mark is altered into a different form or supplemented with additional signs by a licensee so that the trade mark is identical or similar to another person's registered trade mark, and the goods or services for which the trade mark is used are identical or similar to those for which another person's trade mark is designated to be used, so that it is likely to cause confusion or a mistake for the relevant consumers, while the owner knows, or should have known, the conduct of the licensee, but shows no objection thereto (Article 63(2) of the Trademark Act);
- the trade mark owner has not used the trade mark for three years since its registration or has ceased to use the trade mark for three years after its registration without reasonable grounds for non-use, unless the trade mark has been used by a licensee (Article 63(1)(2) of the Trademark Act);
- no appropriate distinguishing indication is added pursuant to Article 43 of the Trademark Act, unless the indication has been added before a decision of cancellation is rendered by the trade mark office and thus there is no likelihood of confusion or mistake (Article 63(1)(3) of the Trademark Act);
- the trade mark has become a generic mark, name or shape for the designated goods or services (Article 63(1)(4) of the Trademark Act); and
- the actual use of the trade mark is likely to cause the public to mistake or misconceive the nature, quality or place of origin of the goods or services (Article 63(1)(5) of the Trademark Act).

6.3 Ability to File a Revocation/ Cancellation Proceeding

Any person may file a cancellation/revocation, and the trade mark office may also initiate cancellation proceedings *ex officio* (Article 63(1) of the Trademark Act). There are no particular admissibility (standing) requirements (eg, legal or commercial interest) for initiating cancellation proceedings in Taiwan.

6.4 Revocation/Cancellation Procedure

Cancellation/revocation actions can be brought before the trade mark office (Article 63(1) of the Trademark Act). They cannot be brought before IP courts or civil courts.

6.5 Partial Revocation/Cancellation

A partial cancellation/revocation is possible (Article 63(4) of the Trademark Act). Specifically, where grounds for cancellation exist only in respect of some of the designated goods or services of the registered trade mark, the registration may be cancelled in respect of those goods or services (Article 63(4) of the Trademark Act).

6.6 Amendment in Revocation/ Cancellation Proceedings

Amendments are possible in cancellation/revocation proceedings, under certain circumstances.

For the trade mark device, no amendments shall be made to the design or device after the trade mark has been registered (Article 38(1) of the Trademark Act). Therefore, amendments to the design or device of the trade mark are also not possible in cancellation proceedings.

For goods or services, no amendments shall be made to the designated goods or services after the trade mark has been registered, unless such amendment is a restriction of the designated goods or services (Article 38(1) of the Trademark

Act). Therefore, amendments to goods or services are possible in cancellation proceedings, if it is a restriction of the designated goods or services requested before a decision for the cancellation proceedings is rendered (Article 38(2) of the Trademark Act).

The owner of a registered trade mark may request the trade mark office to divide the registration into two or more registrations by distributing the designated goods or services included in the original registration among divisional registrations (Article 37 of the Trademark Act). This shall be requested before a decision for the cancellation proceedings is rendered (Article 38(2) of the Trademark Act).

6.7 Combining Revocation/Cancellation and Infringement

Trade mark cancellation/revocation actions and trade mark infringement actions are not heard together, with the former being heard by the trade mark office, and the latter by the court (the Intellectual Property Court, in principle). Nevertheless, the alleged infringer may defend that the trade mark registration of the trade mark owner shall be cancelled, and file a cancellation against the trade mark registration with the trade mark office at the same time. The court, however, shall decide on the alleged infringer's defence by itself. Specifically, it does not need to suspend the action, and the decision of the trade mark office is also not binding on it (Article 16(1) of the Intellectual Property Case Adjudication Act).

The court may render a judgment in the infringement action before or after the trade mark office renders a decision in the cancellation action. It does not need to suspend the action and wait for the decision of the trade mark office, and may also deliver its own viewpoints or reasons.

Since the court's opinions in a judgment in the infringement action are an important reference or guidance for the trade mark office, while a decision on the cancellation action of the trade mark office might only be taken into consideration by the court, if the judgment and office decision have overlapping issues related to grounds for cancellation, the office decision always comes out after the judgment.

6.8 Measures to Address Fraudulent Marks

If a mark would make the public mistake or misbelieve the nature, quality or place of origin of goods or services, the public may file an opposition against the trade mark registration based on fraudulent filing (Articles 30(1)(8) and 48(1) of the Trademark Act).

If a mark would make the public mistake or misbelieve the nature, quality or place of origin of goods or services, the interested party may file for invalidation against the trade mark registration (Articles 30(1)(8) and 57(1) of the Trademark Act).

If a registered mark would make the public mistake or misbelieve the nature, quality or place of origin of goods or services when actually used, the public may file for cancellation against the trade mark registration (Articles 63(1)(5) of the Trademark Act).

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The Trademark Act requires trade mark claims to be brought within two years from the date on which the trade mark owner becomes aware of the trade mark infringement and the person

liable for the trade mark infringement. However, trade mark claims may not be brought after ten years from the time of the trade mark infringement.

7.2 Legal Grounds for Filing Infringement Lawsuits

For the owner of a registered trade mark, actions available to pursue infringement include:

- to demand a person who infringes trade mark rights to stop such infringement (Article 69(1) of the Trademark Act);
- to demand the prevention of infringement (Article 69(1));
- to demand the destruction of infringing articles and the materials or implements used in infringing the trade mark rights (Article 69(2));
- to demand the payment of damages (Article 69(3)); and/or
- to request customs to seize articles that are suspected of infringing trade mark rights (Article 72(1)).

For the owner of an unregistered well-known trade mark, actions available to pursue infringement include to demand:

- a person who infringes trade mark rights to stop such infringement (Article 29 of the Fair Trade Act);
- the prevention of infringement (Article 29 of the Fair Trade Act);
- the payment of damages (Article 30 of the Fair Trade Act); and
- the payment of punitive damages, which may not exceed three times the amount of damages that are proven (Article 31 of the Fair Trade Act).

The owner of an unregistered general trade mark has no trade mark rights under the Trademark

Act or the Fair Trade Act, so no actions are available to pursue the use of its trade mark by another person.

7.3 Parties to an Action for Infringement

The necessary parties to an action for infringement are:

- when there are no trade mark licences – the trade mark owner and the alleged infringer;
- when there is one or more non-exclusive licences – the trade mark owner, the non-exclusive licensee(s) and the alleged infringer;
- when there is one exclusive licence – the exclusive licensee and the alleged infringer;
- when there is one or more prior non-exclusive licences (by the trade mark owner) and one later exclusive licence (by the trade mark owner) – the non-exclusive licensee(s), the exclusive licensee and the alleged infringer; and
- when there is one prior exclusive licence (by the trade mark owner) and one or more later non-exclusive licences (by the exclusive licensee) – the exclusive licensee, the non-exclusive licensee(s) and the alleged infringer.

The circumstances in which a third party who is not the trade mark owner can file an action for infringement include:

- when there are no trade mark licences – it is not possible for a non-licensee to file an action for infringement under any circumstances;
- when there is one or more non-exclusive licences – a non-exclusive licensee must file an action for infringement jointly with the trade mark owner (and the other non-exclusive licensees);

- when there is one exclusive licence – it is possible for the exclusive licensee to file an action for infringement independently;
- when there is one or more prior non-exclusive licences (by the trade mark owner) and one later exclusive licence (by the trade mark owner) – a non-exclusive licensee must file an action for infringement jointly with the exclusive licensee (and the other non-exclusive licensees), and it is possible for the exclusive licensee to have a joint action with the non-exclusive licensee(s); and
- when there is one prior exclusive licence (by the trade mark owner) and one or more later non-exclusive licences (by the exclusive licensee) – it is possible for the exclusive licensee and a non-exclusive licensee to file an action for infringement jointly, while it is required for the non-exclusive licensee(s) to have a joint action with the exclusive licensee.

Within the scope of the licence, a licensee (exclusive or non-exclusive) may file an action for infringement in its own name when its trade mark rights (exclusive rights) are infringed (Article 39(4) of the Trademark Act). It is not possible for a trade mark owner to take any action to stop infringement before its trade mark is registered, unless the trade mark is well known.

7.4 Representative or Collective Actions

The Taiwan legal system generally permits representative or collective actions (such as class actions), including in trade mark proceedings. Multiple parties that have common interests may appoint one or more persons from themselves to sue or to be sued in the interests of appointing and appointed parties (Article 41(1) of the Code of Civil Procedure and Article 1 of the Intellectual Property Case Adjudication Act).

7.5 Prerequisites and Restrictions to Filing a Lawsuit

Disputes arising from property rights (including trade mark rights) where the amount or value of the disputed subject is less than TWD500,000 shall be subject to mediation by court before an action is initiated (Article 403(1)(11) of the Code of Civil Procedure). Formal demand letters or warning letters are popular, but are not formally required.

7.6 Initial Pleading Standards

To initiate an action, a complaint submitted to the court must state specific details, including:

- the parties and their statutory agents;
- the subject matter and its cause and facts; and
- the claim subject to decision (Article 244(1) of the Code of Civil Procedure and Article 1 of the Intellectual Property Case Adjudication Act).

The complaint shall be plausible (Articles 249(3), 449bis and 502(2) of the Code of Civil Procedure). There are no special provisions for trade mark litigation proceedings that differ from those for non-intellectual property litigation proceedings. It is possible to supplement pleadings with additional arguments. Whenever the presiding judge considers that the preparation for oral argument has not been completed, they may order the parties to submit a supplementary pleading or response of full details within a specified period, and may also order them to state or declare in detail the evidence used for a specific matter (Article 268 of the Code of Civil Procedure and Article 1 of the Intellectual Property Case Adjudication Act).

7.7 Lawsuit Procedure

Jurisdiction

Various courts have jurisdiction to hear trade mark matters.

In civil litigation:

- first instance – the Intellectual Property Court (see Article 3(1) of the Intellectual Property Court Organization Act) or regular or consensual District Court (Article 24 of the Code of Civil Procedure);
- second instance – the Intellectual Property Court (Article 3(1) of the Intellectual Property Court Organization Act) or regular higher court of the regular or consensual District Court; and
- third instance – the Supreme Court (Article 20 of the Intellectual Property Case Adjudication Act).

In criminal litigation:

- first instance – the District Court (Article 23 of the Intellectual Property Case Adjudication Act);
- second instance – the Intellectual Property Court (Articles 25(1) and 25(2) of the Intellectual Property Case Adjudication Act) or collegiate bench of the District Court (Article 455bis(1) of the Code of Criminal Procedure); and
- third instance – the Supreme Court (Article 26 of the Intellectual Property Case Adjudication Act).

In administrative litigation:

- first instance – the Intellectual Property Court (Article 3(3) of the Intellectual Property Court Organization Act); and

- second instance – the Supreme Administrative Court (Article 32 of the Intellectual Property Case Adjudication Act).

Appellate Procedure

Special provisions concerning the appellate procedure for trade mark proceedings mainly involve the jurisdiction. The courts with jurisdiction to hear an appeal in trade mark proceedings are as follows.

For civil litigation:

- second instance (first appeal) – the Intellectual Property Court (Article 3(1) of the Intellectual Property Court Organization Act and Article 19 of the Intellectual Property Case Adjudication Act); and
- third instance (second appeal) – the Supreme Court (Article 20 of the Intellectual Property Case Adjudication Act).

For criminal litigation:

- second instance (first appeal) – the Intellectual Property Court (Article 3(2) of the Intellectual Property Court Organization Act and Article 25(1) of the Intellectual Property Case Adjudication Act) or collegiate bench of the District Court (Article 455bis(1) of the Code of Criminal Procedure and Article 1 of the Intellectual Property Case Adjudication Act); and
- third instance (second appeal) – the Supreme Court (Article 26 of the Intellectual Property Case Adjudication Act).

For administrative litigation:

- second instance (appeal) – the Supreme Administrative Court (Article 32 of the Intellectual Property Case Adjudication Act).

7.8 Effect of Trade Mark Office Decisions

Decisions of the trade mark office are not binding on the courts trying an infringement action (Article 16(1) of the Intellectual Property Case Adjudication Act). For example, when the trade mark owner (plaintiff) initiates a trade mark infringement action before the Intellectual Property Court and the alleged infringer (defendant) files an opposition or invalidation against the registration of the plaintiff's trade mark, the trade mark office's decision to revoke or invalidate the trade mark registration based on the similarity of trade marks and similarity of goods or services before the Intellectual Property Court renders that a judgment on the infringement action is not binding on the Intellectual Property Court.

The Intellectual Property Court may still find that the plaintiff's trade mark is not similar to another person's registered trade mark, or that the designated goods or services of the plaintiff's trade mark are not similar to those of another person's registered trade mark, so that the registration of the plaintiff's trade mark shall not be revoked or invalidated.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

A potential defendant may institute declaratory judgment proceedings – ie, an action for a declaratory judgment confirming the non-existence of claims regarding trade mark infringement – in order to protect itself. The trade mark owner may petition to submit a bond for a provisional attachment or injunction, normally in the amount of one third of its claim, while the defendant may petition to lift the provisional attachment or injunction by submitting a counter bond, normally in the full amount of the claim.

7.10 Counterfeiting

There are no special procedures, remedies or statutes addressing counterfeit marks.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

The special procedural provisions for trade mark proceedings are:

- for civil litigation, Articles 6–22 of the Intellectual Property Case Adjudication Act expressly exclude the application of some articles in the Code of Civil Procedure, but clearly provide the confidentiality protective order;
- for criminal litigation, Articles 23–30 of the Intellectual Property Case Adjudication Act mainly provide for the venue of a case; and
- for administrative litigation, Articles 31bis–34 of the Intellectual Property Case Adjudication Act provide for the venue and how to deal with new evidence on the same cancellation or revocation grounds.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

While it is not necessary for the plaintiff to establish that the defendant has used the sign as a trade mark, it is possible for the defendant to establish that it has not used the sign as a trade mark (eg, purely descriptive use). The burden of proof rests on the defendant (Articles 36(1)(1) and 36(1)(2) of the Trademark Act).

8.3 Factors in Determining Infringement

The main factors to be considered in determining whether the use of a sign constitutes trade mark infringement (ie, where it is likely to cause confusion or mistakes among the relevant consumers) include:

- the degree of distinctiveness of the registered trade mark and the used sign;
- the degree of similarity between the registered trade mark and the used sign;
- the degree of similarity between the designated goods or services of the registered trade mark and the goods or services on which the sign is used;
- the degree of business diversification of the owner of the registered trade mark;
- actual cases of confusion or mistake;
- the degree of familiarity of the relevant consumers with the registered trade mark and the used sign; and
- whether the use of the sign is in good faith.

8.4 Elements of Other Trade Mark Claims

No other trade mark claims may be brought in Taiwan.

8.5 Effect of Registration

When a trade mark owner holds a registration, it is presumed that the trade mark owner has trade mark rights.

8.6 Defences Against Infringement

The main defences against trade mark infringement include:

- limitation of trade mark rights (eg, use of own name, descriptive use, functional use, prior use in good faith or exhaustion of trade mark rights) (Article 36 of the Trademark Act);
- grounds for opposition (Article 48(1) of the Trademark Act);
- grounds for invalidation (Article 57(1) of the Trademark Act);
- grounds for cancellation (eg, non-use) (Article 63(1) of the Trademark Act);
- forfeiture of trade mark rights (eg, expiry of registration period or abandonment of trade

mark registration) (Articles 33 and 45 of the Trademark Act);

- prohibition of deceptive or obviously unfair conducts (Article 25 of the Fair Trade Act); and
- prohibition of abuse of rights (Article 148 of the Civil Code).

8.7 Obtaining Information and Evidence

Under the Taiwan legal system, a party to a trade mark matter can obtain relevant information and evidence from the other party or a third party by way of perpetuation of evidence. Specifically, whenever it is likely that evidence may be destroyed or that its use in court may become difficult, or with the consent of the opposite party, the party may move the court for perpetuation of such evidence.

Where necessary, the party who has legal interests in ascertaining the status quo of a matter or object may move for expert testimony, inspection or perpetuation of documentary evidence (Article 368(1) of the Code of Civil Procedure and Article 1 of the Intellectual Property Case Adjudication Act).

Where no action on the merits has been initiated, a motion for perpetuation of evidence shall be made before the court where the action is to be brought. Where the action has been initiated, such a motion shall be made before the court where the action is pending (Article 18(1) of the Intellectual Property Case Adjudication Act).

8.8 Role of Experts and/or Surveys

Expert testimony and/or surveys are permissible as evidence in actions, including trade mark actions. In making a judgment, and taking into consideration the entire import of the oral argument and the result of evidence investigation, the court shall determine the facts by discre-

tional evaluation (Article 222(1) of the Code of Civil Procedure). Expert testimony and surveys as evidence shall be investigated in the proceedings and taken into consideration by the court when making a judgment, but are not binding on the court.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement is a criminal offence in Taiwan (Articles 95–97 of the Trademark Act). It may arguably constitute an administrative offence before the Fair Trade Commission (FTC), so that the trade mark owner may petition the FTC to require the offender to affix a distinguishing indication to avoid the likelihood of confusion regarding the origin of goods or services (Article 22(4) of the Fair Trade Act). A criminal procedure for a trade mark infringement offence typically includes:

- the trade mark owner files a complaint with a judicial police officer;
- the judicial police officer sends the result of their investigation to a public prosecutor;
- the public prosecutor initiates a public prosecution with a District Court;
- the District Court hands down a judgment of guilty;
- the accused (alleged infringer) appeals to the Intellectual Property Court;
- the Intellectual Property Court refuses the appeal of the accused;
- the accused appeals to the Supreme Court; and
- the Supreme Court refuses the appeal of the accused.

8.10 Costs of Litigating Infringement Actions

The typical costs for bringing an infringement action to conclusion in the first instance include

court fees for the first instance of civil litigation (eg, trade mark infringement action), which can be calculated by using a calculating programme.

Because there are no discovery proceedings, attorney fees are relatively small compared to the major industrial countries. For an average case, attorney fees can be kept under USD30,000. Since the politicians keep the country going in wrong directions, resulting in an over-saturated domestic legal market, quite a few cases are handled for each instance under TWD80,000.

The losing party is responsible for paying court fees (Article 78 of the Code of Civil Procedure). The parties are responsible for paying their own attorney fees; specifically, the losing party is not required to reimburse the prevailing party for their attorney fees.

9. Remedies

9.1 Injunctive Remedies

Interim or preliminary injunctions are available, and include provisional attachments, provisional injunctions and injunctions maintaining a temporary status quo.

The requirements of interim or preliminary injunctions are as follows.

Provisional Attachments

For provisional attachments, a creditor may apply for a provisional attachment with regard to a monetary claim or a claim changeable into a monetary claim for the purpose of securing satisfaction of a compulsory execution (Article 522(1) of the Code of Civil Procedure). No provisional attachment shall be granted unless it is impossible or extremely difficult to satisfy the

claim by a compulsory execution in the future (Article 523(1) of the Code of Civil Procedure).

Provisional Injunctions

For provisional injunctions, a creditor may apply for a provisional injunction with regard to non-monetary claims for the purpose of securing satisfaction of a compulsory execution (Article 532(1) of the Code of Civil Procedure). No provisional injunction shall be granted unless it is impossible or extremely difficult to satisfy the claim by a compulsory execution in the future due to a change in the status quo of the claimed subject (Article 532(2) of the Code of Civil Procedure).

Injunctions Maintaining a Temporary Status Quo

For injunctions maintaining a temporary status quo, wherever necessary for the purpose of preventing material harm, imminent danger or other similar circumstances, an application may be made for an injunction maintaining a temporary status quo with regard to the disputed legal relationship (Article 538(1) of the Code of Civil Procedure). A ruling for an injunction maintaining a temporary status quo may only be issued where the disputed legal relationship may be ascertained in an action on the merits (Article 538(2) of the Code of Civil Procedure).

9.2 Monetary Remedies

Taiwan permits monetary remedies.

9.3 Impoundment or Destruction of Infringing Articles

Taiwan permits a remedy of impoundment or destruction of infringing products.

9.4 Attorneys' Fees and Costs

See **8.10 Costs of Litigating Infringement Actions**.

9.5 Ex Parte Relief

A trade mark owner cannot seek relief without notice to the defendant. The court will issue an official notice to the other party under all circumstances.

9.6 Rights and Remedies for the Prevailing Defendant

Generally, a prevailing defendant does not have any rights or remedies, such as being reimbursed for attorneys' fees. The court decision will make non-infringement clear in the decision, but is not likely to order declaration of non-infringement in any other medium.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The Taiwan legal system provides for customs seizure of counterfeits but not parallel imports. The import or export of counterfeits is illegal anyway under Taiwanese trade mark law, but parallel import is legal due to the international exhaustion of trade mark rights under Taiwanese trade mark law (Article 36(2) of the Trademark Act). The customs seizure procedure for counterfeits typically includes:

- customs finds that the imported or exported articles are likely to be counterfeits (infringing articles);
- customs gives a notice to the trade mark owner or its representative or agent in Taiwan, requesting that it travels to customs for identification; customs gives a notice to the importer or exporter at the same time, and requests the provision of relevant evidence of non-infringement;
- the trade mark owner identifies the articles as counterfeits and provides relevant evidence of infringement;
- the importer or exporter provides relevant evidence of non-infringement;

- the trade mark owner files an application for seizure of the articles with customs;
- customs seizes the articles; and
- the trade mark owner brings a trade mark infringement action before the Intellectual Property Court and gives notice to customs.

9.8 Different Remedies for Different Types of Trade Marks

There are not different types of remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

The defendant may always settle the case before the case is decided. The defendants can present themselves at any time through their own strategic reasoning, and shall present when the court tries or considers it necessary for settlement (Article 378 of the Code of Civil Procedure). The court may seek settlement at any time irrespective of which phase the proceedings have reached, with a commissioned judge or an assigned judge being authorised to do so (Article 377(1) of the Code of Civil Procedure).

Where both parties are close to agreeing terms for a settlement, they may move the court, the commissioned judge or the assigned judge to make a settlement proposal within the scope specified by the parties (Article 377bis(1) of the Code of Civil Procedure).

10.2 Prevalence of ADR

Alternative dispute resolution is compulsory for some disputes (Article 403 of the Code of Civil Proceedings), but it is neither a common nor compulsory element of settling a trade mark case in Taiwan, although parties or the court may make an effort to do so.

10.3 Other Court Proceedings

Other court proceedings (eg, administrative litigation proceedings for opposition, invalidation or cancellation before the Intellectual Property Court) have no influence on the current court proceedings (eg, infringement proceedings before the Intellectual Property Court). The court trying the infringement case may determine by itself whether a trade mark registration shall be revoked, invalidated or cancelled, and need not suspend the infringement action and wait for the judgment of the court trying the opposition, invalidation or cancellation case (Article 16(1) of the Intellectual Property Case Adjudication Act). Nevertheless, if both proceedings are pending before the Intellectual Property Court, it tends to deliver harmonised reasoning.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

The first appeal (second instance) normally takes between six months and one year, and the second appeal (third instance) normally takes about one year.

11.2 Special Provisions for the Appellate Procedure

Special provisions concerning the appellate procedure for trade mark proceedings mainly involve jurisdiction. See 7.7 **Lawsuit Procedure** for details.

11.3 Scope of the Appellate Review

For civil cases, there are both factual and legal reviews in the second instance (first appeal), and it is a kind of successive instance. Specifically, the parties may present additional means of attack or defence, including additional arguments or defences, additional facts or addi-

tional evidence. The appellate court, however, does not review evidence that was presented and investigated in the first instance; nor does it review arguments, defences or facts that were presented and investigated in the first instance, if no additional evidence is presented in the second instance (Article 447(1) of the Code of Civil Procedure and Article 1 of the Intellectual Property Case Adjudication Act). In the third instance (second appeal), there is only legal review.

There are also both factual and legal reviews in the second instance (first appeal) in criminal cases, and it is a kind of repetitive instance. Specifically, the parties may present additional means of attack or defence, including additional arguments or defences, additional facts or additional evidence. The appellate court also reviews arguments or defences, facts or evidence that were presented and investigated in the first instance (Article 364 of the Code of Criminal Procedure and Article 1 of the Intellectual Property Case Adjudication Act). In the third instance (second appeal), there is only legal review.

For administrative litigation, there is only legal review in the second instance (appeal).

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark can also be protected by copyright (eg, in the case of a logo) or patent (eg, design patent). A trade mark is conceptually a special trade dress.

12.2 Industrial Design

A trade mark may also be protected by industrial design laws (eg, design patents or trade dress).

12.3 Rights of Publicity and Personality

Rights of publicity or personality do not interact with trade mark rights in Taiwan.

12.4 Unfair Competition

Taiwan's Fair Trade Act affects trade marks.

13. Additional Considerations

13.1 Emerging Issues

This is not applicable in Taiwan.

13.2 Trade Marks and the Internet

This is not applicable in Taiwan.

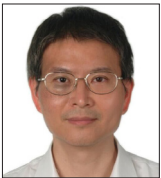
13.3 Trade Marks and Business

This is not applicable in Taiwan.

Deep & Far Attorneys-at-Law was founded in 1992. The firm has served clients, public or private entities, foreign or domestic companies, international giants, and large-sized or small and medium-sized companies in various fields, especially all kinds of patent and trade mark matters. Highly regarded, more than 20% of the top 100 companies in Taiwan have utilised the services provided by the firm. Furthermore, more

than 25% of the hi-tech companies in the Hsinchu Science Park have entrusted their works to Deep & Far. International clients include Armani, Baidu, Beckhoff, BYD, CICC, Cypress, Dr. Reddy, Infineon, InterDigital, Gleason, Grenzebach, Haribo, Intercept, Lenovo, Lupin, Motorola, MPS, NovaLed, Oppo, Piramal, Schott Glas, Sun Pharma, Torrent and Toyo Ink.

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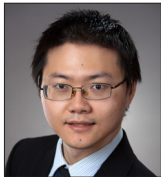
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Trends and Developments

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Deep & Far Attorneys-at-Law see p.378

TIPO Launches New Inquiry System for Patent and Trade Mark Certificates and Rights

The Taiwan Intellectual Property Office (TIPO) has made available the “Inquiry System for Patent and Trademark Certificates and Rights” service since 2017, allowing users to search the latest rights status using an array of search criteria, such as certificate number, application number, rights-holders/agents, publication date, and patent title or trade mark name. Additionally, users can scan QR codes on patent and trade mark certificates for immediate access to information.

TIPO has redesigned the website of the service with a focus on a user-friendly interface to improve efficiency and service quality. The new website features include:

- optimised operation for enhanced convenience and mobile device compatibility;
- unlimited search results per search, eliminating the previous display limit of 500 results; and
- customisable display of search result pages and number of results per page for ease of browsing.

Changes to Description of Designated Goods and Services for Trade Mark Registration

In response to the revision of the 12th edition of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, TIPO has updated its list of Description of Designated Goods and Services for Trademark Registration. Effective as of 1 January 2023, the

changes include 481 additions or amendments and 48 deletions. Additionally, 42 class/subclass names or notes have been added, removed, or amended.

Those who wish to use the Fast-Track Trademark Examination Programme and file through the electronic trade mark application system after 1 January 2023 are advised to download the updated list featuring all incorporated changes. Individuals who fill out applications with descriptions of goods and services not found on the system’s current list will not qualify for the Fast-Track Programme and will not enjoy the preferential fee reduction.

TIPO Enhances Online Systems with Addition of New Administrative Appeal and Litigation Case Information

TIPO has collaborated with the Petitions and Appeals Committee of the Ministry of Economic Affairs and the Judicial Yuan to increase the accessibility of intellectual property information in Taiwan. As a result of this partnership, TIPO has integrated patent and trade mark case information (including this year and the last five years) and litigation information (dating back to 2021) into systems such as the “Patent Public Information Inquiry System”, “Trademark Search,” and “My Filings” sections on the e-Filing platform, allowing users to access complete case information. These services were officially made available to the public on 19 December 2022.

Users can now browse administrative appeals and litigation information and download the full text of appeal decisions and litigation judgments

directly. Additionally, the “Patent Public Information Inquiry System” has been optimised to provide a more convenient and intuitive inquiry feature. All parties are welcome to use these services.

The 2023 Taiwan-Japan Intellectual Property Symposium: A Resounding Success!

The 2023 Taiwan-Japan Intellectual Property Symposium, a collaborative effort of the Taiwan-Japan Relations Association and the Japan-Taiwan Exchange Association, in partnership with TIPO, was held on 10 January 2023 at the GIS MOTC Convention Centre. It brought together an esteemed group of guest speakers, including Taiwan-Japan Relations Association Deputy Secretary-General Ching-Hung Lin, Japan-Taiwan Exchange Association Deputy Representative Dr Takashi Hattori, TIPO Director-General Shu-Ming Hung, and Japan Patent Office (JPO) Policy Planning and Co-ordination Department Director-General Mikiharu Shimizu (remarks read on his behalf by Director Tauchi Koji of the Multilateral Policy Office, International Policy Department).

The Symposium featured detailed presentations from JPO Multilateral Policy Office Director Tauchi Koji, TIPO International Affairs and Planning Division Director Chi-Hsien Chou, Wisdom International Patent & Law Office Registered Japanese Patent Attorney Kai Furihata, and Jou and Jou Patent Offices Patent Attorney Mike Jou. The speakers delved into the latest developments and initiatives of JPO, offered insights on the patent-related support measures provided by the Taiwanese government for enterprises to develop overseas markets, introduced the nuances of the Japanese invention patent system, and shared actionable strategies for applying and efficiently acquiring Japanese patent rights.

Over 110 participants attended the 2023 Taiwan-Japan Intellectual Property Symposium, bringing together industry, government, and academia. The Symposium sparked a dynamic exchange of ideas and insights among participants and experts from both Taiwan and Japan, and fostered vibrant and engaging discussions throughout the event.

Comprehensive Guide to Domestic and Foreign Trademark Applications is Now Available

To help industries better understand Taiwan’s trade mark registration process, trade mark protection and management, as well as important things to know when applying for trade marks overseas, TIPO has compiled the Comprehensive Guide to Domestic and Foreign Trademark Applications.

The guide provides businesses with tips on how to apply for domestic trade marks and the importance of applying for trade marks overseas. In addition to covering basic knowledge about trade mark rights, it also touches upon resolutions for trade mark disputes. At the same time, the guide also provides relevant government resources in hopes of effectively assisting SMEs with difficulties in trade mark protection. The guide consists of the following information:

- The benefits of trade marks – trade mark basics, benefits of registering a trade mark, and the branding process.
- Tips for domestic trade marks – important information on applying for domestic trade marks and relevant regulations on trade mark reproduction design.
- The importance of trade mark registration abroad – important information on applying for trade marks overseas, monitoring similar trade marks registered abroad and infringe-

ment, and strategies on dealing trade mark squatting incidents abroad.

- Protection and management of trade mark rights – protection of trade mark rights, dispute resolution procedures, civil and criminal liabilities for trade mark infringement, and defences to trade mark infringement.
- Government resources and services – TIPO provides relevant information on IP rights, MOEA IDB provides assistance with branding and MOEA SMEA provides relevant information and counselling for new start-ups.

Revisions to the Examination Guidelines on Certification Marks, Collective Membership Marks, and Collective Trademarks Took Effect on 1 October 2022

To help businesses better understand the “Geographical Marks” protected under Taiwan’s Trademark Act and subsequently enhance the quality of patent examinations, TIPO has revised the Examination Guidelines on Certification Marks, Collective Membership Marks, and Collective Trademarks, which took effect on 1 October 2022. Highlights of the revision are set out below.

- Its name was revised to “Examination Guidelines on Certification Marks, Collective Membership Marks, and Collective Trademarks” to reflect the sequence of the provisions.
- Added a separate chapter on “Geographical Marks” to promote and explain the registration process in Taiwan for the application of a geographical certification mark and geographical collective trade mark.
- Regarding the applicant’s declaration that they do not own a business that is involved in the manufacturing and marketing of goods or provision of services of the kind being certified:
 - (a) clear stipulations forbidding the applicant from registering a trade mark in the same scope of the product or services being certified (otherwise, the applicant is considered in violation of impartiality and the terms of the declaration); and
 - (b) the applicant may, if they fulfil the other requirements, apply to register another trade mark outside of the scope of the product or services being certified.
- The regulations governing the use of the certified mark should clearly indicate the name of the products or services being certified.
 - (a) When applying for a certification mark, the applicant is permitted to list the overarching category in the name of the product or service being certified (eg, food or electronics). However, to ensure that the name clearly corresponds to the conditions of use set forth in the regulations governing the use of certification marks, as well as to facilitate applications for the utilisation of certification marks by any third-parties, TIPO followed the lead set by foreign counterparts and requires that the names of products and services abide by the NICE classification and be included as an annex in the regulations governing the use of certification marks for ease of publication.
 - (b) The names of products or services listed for “products or services being certified” should match what is listed in the regulations governing the use of the certified mark and the application and shall not extend beyond the scope listed therein.
- Examples are provided to illustrate the principles used to determine what constitutes “obviously improper” – a term used in Article 30, paragraph 1, subparagraph 10 of the Trademark Act – with regards to the registra-

tion of certification marks, collective membership marks, and collective trade marks.

- Additional case studies are added on the basis of supplementing the content for ease-of-understanding.

A Pilot Programme for IP Info Cloud Services Began on 3 August 2022 – Patent and Trade Mark Open Data Downloads Are Now Available

In response to government policy to promote better cloud services to the public, TIPO has been working on the IP Info Cloud Services Project since 2021. Application platforms on the public cloud have been constructed, and TIPO also plans to incorporate IP open data, trade mark search, industry IP knowledge, and other services in several stages to provide rapid and reliable access to IP information and furnish a more comprehensive digital IP environment for Taiwan.

TIPO has successfully finished the first stage of operations by setting up the IP Info Cloud Service and transferring the Patent & Trademark Open Data website onto the new platform. The service is now operational and available to the public.

TIPO Publishes Serialised IP Rights Comic: The Everyday Life of a One-Man IP Department on IPKM

To promote IP knowledge and practical applications to the public, TIPO's platform dedicated to promoting IP information (IPKM) has created a serialised comic entitled The Everyday Life of a One-Man IP Department. The comic mainly discusses IP rights management for SMEs and transforms practical workplace IP rights issues into light-hearted workplace skits. Through this educational and entertaining publication, IP rights information is made easy and fun, creat-

ing an accessible entry for more people to gain a deeper understanding of IP rights.

The comic is set in a fictional SME in Taiwan, and company employees in different positions bring their own perspectives – placing a highlight on the various IPR issues that may arise within a company. By constructing a conceptual basis for understanding IP rights and its practical applications through the comic, TIPO hopes to assist Taiwanese businesses to gain a better understanding of IP rights and prepare them for when they encounter IP rights issues themselves.

New “Green Industries” Chapter in the Industry Trade Mark Application Strategy Manual for Designated Goods and Services

The Executive Yuan passed amendments to the Greenhouse Gas Reduction and Management Act on 21 April 2022. The Act has been renamed the “Climate Change Response Act,” and officially declares a target of net zero emission of greenhouse gases by 2050. The specific approach targets greenhouse gases from the manufacturing, transportation, agricultural industries, as well as from residential activities and uses negative carbon technology (carbon capture, storage, and reuse) and natural carbon sinks (forests and ocean sorption) to balance carbon emissions in order to reach net zero emissions.

TIPO has added a “Green Industries” chapter to the Industry Trademark Application Strategy Manual for Designated Goods and Services, and the chapter is divided into six fields:

- Green Energy;
- Clean Energy Transportation;
- Carbon Rights, Carbon Economy and Related Commercial Trading of Electricity;

- Pollution Treatment and Reutilisation;
- Green Buildings to Zero-Carbon Buildings; and
- Green Industry-Related Certification Mark, Certification Process Guidance, and Educational Training.

This distinction will help industries understand the scope of trade mark rights they should get to protect their businesses, make the right choice of designated good or service when registering a trade mark, and cross-reference the goods and services listed in the NICE classification for their industry. The Industry Trademark Application Strategy Manual for Designated Goods and Services is available for public reference.

Revisions to the Examination Guidelines on Distinctiveness of Trade Marks

To enhance the examination principles for distinctiveness of various types of trade marks, TIPO has promulgated revisions to the Examination Guidelines on Distinctiveness of Trade Marks. These were promulgated on 26 July 2022 and took effect on 1 September 2022.

TIPO has provided examples of different types of trade marks and ensured that the basis on which the distinction between trade marks is determined aligns with current market transactions. The key revisions are as follows:

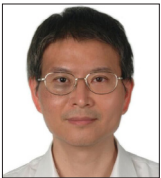
- Adjustments have been made to the different composition patterns of foreign alphabets; provision of reference examples for determining whether descriptions are designed and distinctive.
- Assessment criteria and example explanations for “alphanumeric combinations” and “numbers” have been added in response to differences in use between various industries.
- The following categories, with examples, have been added: (i) popular graphics, (ii) purely informational graphics and (iii) commercial design graphics.
- Criteria for country names, geographical images, and geographical names used in descriptions of product origin have been added, as well as misleading use or misrepresentation thereof for product origin.
- Assessment criteria and reference examples for names and portraits of well-known public figures who are recently deceased have been added; to further exemplify what constitutes a “portrait,” additional cases for reference are also provided.
- Determining criteria for religious images and terms have been added; examination principles for marks related to traditional and cultural activities have also been added.
- The criteria for slogans, common words, new terms, and technical terms have been revised, and the examination guidelines for “idioms” have been adjusted.
- Trade mark graphics which include “the full name of the company” or “domain names” are considered strictly informational in order to prevent affecting the certainty of the scope of trade mark rights and the function of correctly indicating the source of the product or service in the event that trade mark rights are transferred or there is a change of name after registration.

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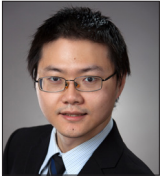
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Law and Practice

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The protection of trade marks in Ukraine is governed by the laws and respective secondary legislation.

The general provisions are provided by the Civil and Commercial Codes of Ukraine, while the detailed provisions are provided by the Trade Mark Law of Ukraine (“Trade Mark Law”). There are also a number of Rules and Instructions (subordinate legislation).

As Ukraine is a civil law country, rights to trade marks are based on statutory law.

Ukraine is a party to a number of international treaties in the field of trade mark protection:

- the Paris Convention for the Protection of Industrial Property (the “Paris Convention”);
- the Singapore Treaty on the Law of Trade-marks;
- the Trademark Law Treaty (TLT);
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (the “TRIPS Agreement”);
- the EU-Ukraine Association Agreement;
- the Madrid Agreement Concerning the International Registration of Marks (the “Madrid Agreement”) and the Madrid Protocol; and
- the Nice Agreement on the International Classification of Goods and Services, etc.

1.2 Types of Trade Marks

Any sign or any combination of signs may be subject to trade mark protection. Such signs may be words (including personal names), letters, numerals, figurative elements, colours, shape of products or its packaging, including

three-dimensional marks, sounds, provided that such signs are capable of distinguishing the goods or services of one person from the goods or services of other persons, and are appropriate for their reproduction in the register in such a way as to enable clear and precise scope of the granted legal protection.

Collective marks may also be registered. Collective trade marks may be owned by an established association, which will be the proprietor of the mark. In this case, the application shall also be accompanied by the document that sets out the terms of use thereof and includes the list of persons entitled to use such trade mark.

1.3 Statutory Marks

Legal protection shall not be provided to trade marks that represent or imitate:

- state armorial bearings, flags and other state symbols (emblems);
- full or abbreviated official names of states or international two-letter codes of states;
- emblems and abbreviated or full names of international intergovernmental organisations; and
- an official control, guarantee, or testing seals, stamps.

These signs may be included as non-protected elements of a trade mark, provided that there is the consent of the relevant competent authority or the owners thereof. At the same time, using the national symbols of Ukraine, like the flag and the national coat of arms, is possible under a special law only, which still has not been adopted.

1.4 Well-Known Foreign Marks

A famous trade mark may be protected in Ukraine based on Article 6bis of the Paris Convention.

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To be enforceable in Ukraine, a mark shall be recognised as well-known by the Chamber of Appeals of the UA PTO or the court according to the established procedure. The procedure, in particular, prescribes that such a famous mark should have acquired a particular reputation and must be known among local consumers of specific goods or services at issue.

1.5 Term of Protection

The term of protection of a trade mark constitutes ten years calculated from the application filing date. A trade mark may be renewed for the next ten years each time upon request of the trade mark owner, provided that the renewal fee has been duly paid.

The Martial Law imposed in Ukraine in 2022 caused a legal ambiguity regarding IP rights terms. According to the Law of Ukraine “On Protection of Interests of Persons in the Sphere of Intellectual Property during Martial Law Imposed in Connection with the Armed Aggression of the Russian Federation against Ukraine”, IP rights, the validity of which expire on the day of imposition of the Martial Law in Ukraine or during the Martial Law, shall remain valid until expiry or cancellation of the Martial Law. Upon expiry or cancellation of the Martial Law, the term of validity of IP rights may be extended in the manner envisaged by the regular IP law. In view of the main purpose of the above norm, and in combination with other provisions of the said Law, it may rather be interpreted as temporary suspension of deadlines for renewal of IP rights and other prosecution terms only.

1.6 Exhaustion of Trade Mark Rights

The effective Ukrainian law does not explicitly determine a certain IP exhaustion regime. At the same time, the current jurisprudence tends to apply the international trade mark exhaustion

principle. However, the exhaustion system will not apply if the state of the product has changed or worsened upon the first sale. In such a case, a trade mark holder may prohibit the use of its trade mark on parallel imported products.

1.7 Symbols to Denote Trade Marks

According to the Trade Mark Law, the use of symbols, such as ® or “TM”, is entirely optional in Ukraine. However, using the symbol ® for non-registered trade marks may entail liability according to the unfair competition legislation.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A trade mark is assigned through an assignment agreement, which must be concluded in written form and shall be subject to registration by the Ukraine Patent and Trademark Office (UA PTO).

The agreement must include:

- parties’ full names and addresses;
- subject matter;
- number(s) of the trade mark Certificate(s);
- list of goods and services (including numbers of ICGS’s classes).

For assignment recordal, at least one original assignment agreement or a notarised copy thereof is required. The UA PTO will keep this copy.

2.2 Licensing Requirements or Restrictions

A trade mark is licensed by means of a licence agreement, which must be concluded in written form. Registration of the licence with the UA PTO is possible but not mandatory.

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The licence (sub-licences) must include:

- parties' full names and addresses;
- subject matter;
- number(s) of the trade mark certificate(s);
- list of goods and services (including numbers of ICGS's classes);
- type of licence (exclusive, sole, non-exclusive);
- duration of the licence (it can be perpetual);
- territory; and
- quality control clause.

2.3 Registration or Recording of the Assignment

The assignment agreement shall be subject to registration with the UA PTO, whereas the registration of the licence is not mandatory.

Absent the recording, the assignment agreement is enforceable and binding for the parties only but may not be enforced against third parties.

2.4 Other Requirements for Licences or Assignments to be Valid

Local laws provide no requirements to transfer any goodwill when assigning or licensing trade marks.

2.5 Assigning or Licensing Applications

It is possible to assign an application for a trade mark during the application process, while granting a licence in respect of a pending trade mark application is not possible. The conclusion of a licence is permitted only after the trade mark is registered.

The Ukrainian trade mark system does not provide for filing of use/intent to use trade mark applications.

2.6 Trade Marks as Security

A trade mark may be subject to contributing to the charter capital of a legal entity, a subject of a pledge agreement and other obligations, as well as it may be used in other civil relations.

3. Registration

3.1 Trade Mark Registration

Exclusive rights to permit or prohibit the use of a certain mark by third parties may be acquired through the trade mark registration process only.

To register a trade mark, a person must file the respective application with the UA PTO or file an international registration designating Ukraine. Furthermore, it is possible to obtain a fully valid legal protection for a well-known trade mark in Ukraine recognised as such by the Chamber of Appeals of the UA PTO or by the court.

Legal protection shall be granted to a mark that is distinctive, does not contradict the public order, humane and moral principles, and is not subject to the refusal according to the grounds defined by the Trade mark Law.

Different types of marks, including trade dress, for example, in the form of three-dimensional marks, are registrable if they can fulfil the trade mark function of identifying the origin of the goods.

3.2 Trade Mark Register

The UA PTO maintains the State Register of Trade Marks (the "State Register") that includes all registered Ukrainian trade marks. The State Register is publicly available on the UA PTO website. The UA PTO also publishes applications filed for registration in the online Official Bulletin.

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Information about registered marks and filed applications is available on the UA PTO Information System – an online unified search engine providing information about all IP objects.

Bearing in mind that the UA PTO conducts a substantive examination (including checking of prior rights), it is highly recommended to conduct a full availability trade mark search before filing a new application.

The UA PTO also maintains a register of well-known trade marks. This is not a State Register, but rather a list of trade marks recognised as well-known in Ukraine by UA PTO's Chamber of Appeals or by the court.

3.3 Term of Registration

The registration procedure consists of two main stages: formal and substantive examination.

At the stage of the formal examination, compliance of submitted documents with the formal requirements of the Trade Mark Law is being checked. If the application meets all the formal requirements, the substantive examination (on compliance with the registrability criteria) is then conducted.

A smooth trade mark registration normally takes up to 18-24 months. The accelerated examination (up to eight to ten months) is also available in Ukraine subject to additional official fee payment.

The rights deriving from a trade mark certificate are effective for ten years, calculated from the application filing date. A trade mark may be renewed for the next ten years each time upon request of the trade mark owner, provided that the renewal fee has been duly paid.

A renewal request and each renewal fee shall be received by the UA PTO within the last six months of the trade mark validity. The renewal fee may also be paid within six months after the expiry of the established period. In this case, the fee amount is increased by 50%. Please also see **1.5 Term of Protection**.

3.4 Updating or Refreshing Registrations

Trade mark registration cannot be updated or refreshed as such. Furthermore, it is not possible to amend the image of the registered mark or extend the list of goods and/or services for which the mark was initially applied.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

The following information and documents are required for filing a trade mark application in Ukraine:

- applicant's data (full name and address);
- representation of the mark (in colour, if claimed);
- list of goods and/or services the trade mark is applied for; and
- Power of Attorney (POA) signed by duly authorised person.

The POA should be simply signed if the signee acts by virtue of the company charter, or the articles of association, or any other similar document. In such cases, notarisation is not required. If a legal entity uses a corporate seal or stamp, it should also be sealed/stamped. If the POA is signed by an authorised signatory, attorney-in-fact, proxy holder, etc, it should be notarised since in some specific cases the PTO

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may request documents confirming the authority of the signee. Legalisation is not required.

According to the local procedure, no ground for filing the application (like actual use or intention to use the applied mark) is required. Prosecution of a trade mark application filed in the name of a foreign person may be performed through the Ukrainian trade mark attorney only.

In Ukraine, a trade mark may be registered in the name of a legal entity or an individual regardless of whether it has a status of a private entrepreneur. The co-ownership of a trade mark is also permitted. In this case, there is no need to provide the UA PTO with the co-ownership agreement.

For the basic requirements of a trade mark, see **1.2 Types of Trade Marks**.

In respect of some specific types of trade marks, additional data is also required, particularly:

- sound mark: recorded phonogram and musical score;
- colour mark: examples of how the applied mark will be used in respect of goods and/or services; and
- three-dimensional mark: all views of the applied mark.

Multiple-class applications are permitted in Ukraine. The official filing fee depends on the number of applied classes but not the number of selected goods/services.

4.2 Use in Commerce Prior to Registration

There is no requirement regarding the use of the applied mark in commerce before protection is granted in Ukraine.

However, a trade mark owner is obliged to use its mark after registering. According to the Trade Mark Law, if a trade mark is not used in Ukraine, in whole or with respect to a part of the goods and/or services listed in the certificate, continuously within five years from the date of publishing the information on granting the certificate, or if the use of the trade mark has been suspended from any other date after such publication for the continuous term of five years, any person has a right to apply to the court with a request for early termination of the certificate in whole or in part.

4.3 Series Mark Registrations

It is possible to register in Ukraine several marks which resemble each other to some extent and differ only as to non-distinctive elements that do not affect the character of the overall mark. However, in respect of every such image, a separate application must be filed.

4.4 Consideration of Prior Rights in Registration

The UA PTO conducts a substantive examination, in the course of which the examiners check the prior rights, inter alia to:

- trade marks, including those recognised as well-known in Ukraine;
- trade names that are known in Ukraine and belong to other persons who have acquired the right to the said names before the application filing date with respect to identical or similar goods and services;
- conformity marks (certification marks) registered in accordance with the established procedure;
- industrial designs belonging to other persons in Ukraine;
- geographical indications;
- copyright; and

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- surnames, first names, pseudonyms and their derivatives, portraits, and facsimiles of persons known in Ukraine without their consent.

The UA PTO accepts the letters of consent provided that, in the examiner's opinion, there is no likelihood to mislead the consumers. Therefore, in the preparation of the response to a provisional refusal, it is not sufficient to provide the letter of consent only. It is also necessary to provide the examiner with sufficient arguments to show that no actual confusion on the market will occur.

The assignment/assignment-back procedure may also be applicable.

4.5 Consideration of Third-Party Rights in Registration

The opposition procedure against a filed trade mark application is envisaged in Ukraine.

The UA PTO publishes filed applications in the online Official Bulletin after the application filing date is established. After the application is published, any person has the right to file an opposition. According to the Trade Mark Law, confirmation of the opponent's commercial interest is not requested. Though, according to the effective practice, the opponent's reasons should be indicated in the opposition.

The opposition may be filed within three months as from the application publication date in the Official Bulletin. This term is not extendable. At the same time, the Martial Law imposed in Ukraine in 2022 caused a legal ambiguity regarding IP rights terms (please see **1.5 Term of Protection**). According to the Martial Law, terms for filing oppositions are temporarily suspended and will be resumed upon cancellation or expiry of the Martial Law. However, since all the prosecution is maintained online, a reason for missing

the deadline for filing the opposition should be well substantiated before the UA PTO. Therefore, brand owners are strongly recommended to adhere to the deadlines, if possible.

A response to the opposition may be filed within two months from receiving the notification of opposition from the PTO (for international trade marks, right holders may file a response within three months from the date the UA PTO sends a provisional refusal to WIPO). Nevertheless, it is the applicant's right to respond to the opposition or not.

Oppositions and responses are considered at the stage of substantive examination when the application is assessed based on the absolute and relative grounds for refusal.

The local procedure does not provide for filing formal oppositions, notices of opposition, preliminary oppositions, etc. All oppositions must be initially well-grounded and supported by respective evidence. The POA is also required. Filing the opposition is subject to payment of the official fee.

The opposition procedure does not envisage any hearings. All communication should be conducted in writing.

After considering the application data, a responsible examiner issues a final decision on the application, a copy of which is sent to the person who filed the opposition.

4.6 Revocation, Change, Amendment or Correction of an Application

The applicant may introduce different changes, amendments, or corrections into a filed application, which are subject to payment of the official fee regarding:

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- the applicant's name and address not connected to an assignment of the application;
- the representative's name and address;
- the address for correspondence;
- the applicant's name and address due to assignment of the application; and
- the limitation of goods and services, etc.

However, it is not possible to amend the image of the applied mark or extend the list of goods and services.

The applicant may also withdraw the application at any stage of prosecution.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application before the UA PTO issues a decision thereon.

Filing a request for dividing the initial application as well as filing the divisional application(s) are subjects to payment of the official fee.

The date of filing the divisional application shall be considered the same as the date of filing the divided application. The priority date of the divisional application shall be determined the same as the priority date of the divided application, if there is a ground for that.

4.8 Incorrect Information in an Application

Normally, the UA PTO does not check the information provided by the applicant. However, in case of any doubts in respect of the filed documents/materials, the responsible examiner may send its request, and the applicant has two months to respond.

The applicant is responsible for accuracy of information provided to the UA PTO.

4.9 Refusal of Registration

The registration of a trade mark shall be granted to a mark that is inherently distinctive, does not contradict the public order, humane and moral principles, and is not subject to refusal according to the grounds defined by the Trade Mark Law.

Since the UA PTO conducts a substantive examination, a provisional/final application refusal may be based both on absolute and relative grounds for refusal.

According to recent changes to the Trade Mark Law in 2020, the list of absolute grounds for refusal was extended to cover the signs:

- consisting exclusively of the shape, or another characteristic, which:
 - (a) results from the nature of the goods themselves; or
 - (b) is necessary to obtain a technical result; or
 - (c) gives substantial value to the goods;
- reproducing registered or applied-for plant varieties (PV); and
- containing registered or applied-for geographical indications (GI).

Furthermore, the Trade mark Law extended relative grounds for refusal by adding the following:

- the trade mark is identical/similar to an earlier right by association (not only by confusion);
- the trade mark is identical/similar to a well-known trade mark, to the extent that it may cause confusion or association;
- the application has been filed by an agent or representative in its name without the owner's consent if there is no evidence to justify such filing and the owner has objected thereto (Article 6septies of the Paris Convention).

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If a provisional refusal is issued, the applicant has two months for filing arguments in favour of the registration. In case of international registrations, this term constitutes three months. These deadlines may be extended for three or six months, provided that the respective official fees are paid. Please also see **1.5 Term of Protection**.

If the arguments filed by the applicant were not considered by a responsible examiner as convictive and sufficient, and the final refusal was issued, the applicant may appeal the decision to UA PTO's Chamber of Appeals or to the court within two months as from the date of receiving the final decision on the application.

4.10 Remedies Against the Trade Mark Office

The final UA PTO's refusal of the application may be appealed to UA PTO's Chamber of Appeals or to the court within two months as from the date of its receipt.

In respect of the international registrations, the term for filing the appeal with UA PTO's Chamber of Appeals constitutes three months as from the date of sending the statement of refusal to the WIPO.

At the same time, the Martial Law imposed in Ukraine in 2022 caused a legal ambiguity regarding IP rights terms (please see **1.5 Term of Protection**). A reason for missing a deadline for filing an appeal with UA PTO's Chamber of Appeals or the court should be well substantiated. Therefore, brand owners are strongly recommended to adhere to the deadlines, if possible.

An appeal against the UA PTO's decision on the application filed with the Chamber of Appeals shall be considered within two months as from

receipt of the appeal and the respective fee, within the scope of the reasons presented in the appeal and provided in the course of the appeal consideration. The period for consideration of the appeal may be extended for no more than two months, provided that the relevant request is submitted and the respective fee is paid.

Upon consideration of the appeal the Chamber of Appeals shall take a grounded decision.

The decision may be challenged by the applicant through the court within two months from the date of its receipt.

4.11 The Madrid System

Ukraine is a party to the Madrid Agreement and the Madrid Protocol.

Legal protection granted to the international registration in Ukraine is the same as it is granted to national applications. The UA PTO neither issues local registration certificates in respect of international registrations nor maintains the national register of the international registrations protected in Ukraine.

Assignments and assignment agreements regarding the international registrations (even though they designate Ukraine only) may be registered through the World Intellectual Property Organization (WIPO) only.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The UA PTO publishes filed applications in the online Official Bulletin after the application filing date is established. After the application is published, any person has a right to file an opposition.

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The opposition may be filed with the UA PTO within three months as from the application publication date. This term is not extendable. Please see **4.5 Consideration of Third-Party Rights in Registration**.

5.2 Legal Grounds for Filing an Opposition

An opposition may be based on both absolute and relative grounds for refusal, inter alia, it may be filed:

- if a mark is identical to or misleadingly similar to marks that have been registered or applied for registration for similar or related goods and services in Ukraine in the name of another person;
- if a mark is misleading or capable of deceiving the public as to the goods, services, or person manufacturing the goods or providing services; or
- if a mark is identical to or misleadingly similar to marks of third persons, where such marks are protected without registration under international treaties to which Ukraine is a party, particularly marks recognised as well-known under the provisions of Article 6bis of the Paris Convention.

Each and all grounds for refusal of a trade mark application may serve as the basis for filing a trade mark invalidation action as well.

Risk of dilution or exploitation of goodwill may not be a separate ground for refusal but should arise from confusing similarity of the compared marks or misleading nature of the conflicting mark as to the goods/services or a person actually producing goods and/or providing services.

5.3 Ability to File an Opposition

Foreigners, stateless persons, foreign legal entities, and other persons having the place of permanent residence or permanent location outside Ukraine have a right to file an opposition through Ukrainian trade mark attorneys only. Ukrainian individuals or legal entities may act without involving trademark attorneys.

The official fee for filing an opposition is UAH2,000. The agent's fee is normally calculated on the hourly basis and depends on the complexity of the matter, the necessity to collect respective evidence, prepare Ukrainian translation, etc. The opposition procedure does not envisage any compensation of the opponent's expenses.

Although possession of the earlier trade mark application or registration is a strong argument, the opponent does not necessarily need to own a registered trade mark since other valid prior rights can be invoked.

5.4 Opposition Procedure

The opposition may be filed within three months as from publication date of the application. This term is not extendable. For a description of the opposition procedure, see **4.5 Consideration of Third-Party Rights in Registration**.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Within two months after receipt of the final decision on the respective trade mark application, a post-grant opposition may be filed with the Chamber of Appeals only by a person who filed a pre-grant opposition.

The period for consideration of the opposition constitutes two months as from receipt thereof along with respective payment receipt by the

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Chamber of Appeals and may be extended for no more than two months, provided that the relevant request is submitted and the respective fee is paid.

The UA PTO's final decision on the application may also be appealed to the court.

In case of post-grant opposition procedure or the court procedure, the grounds for filing the appeal against UA PTO's final decision on the application are the same.

If the opposition is filed, a copy thereof shall be sent to the applicant, and it has the right to respond to the opposition within 15 days as from the date of receipt of the notification on commencement of the opposition procedure.

The opposition procedure includes filing written materials and conducting oral hearings, the number of which depends on the complexity of the case. Both the opponent and the applicant are parties to the proceedings.

Upon consideration of the opposition the Chamber of Appeals shall take a grounded decision. The decision may be challenged by the applicant or opponent through the court within two months as from the date of receipt thereof.

The post-grant opposition procedure provides interested persons an additional instance where they may protect their rights. This procedure is less time and cost consuming in comparison with the court procedure.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

General Limitation Period

Under the laws of Ukraine, the general limitation period constitutes three years unless a special limitation period is established. The limitation period commences from the day when a person learned or could have learned about violation of its rights or about a person who violated those rights.

Peculiarities of the Trade Mark Revocation/Cancellation Proceedings

In trade mark revocation/cancellation proceedings, the limitation period used to be calculated from the date of the trade mark publication. However, according to the jurisprudence of the Supreme Court in recent years, the commencement of the limitation period in trade mark revocation/cancellation proceedings should not be associated with the publication date by default, but may be associated with a date when certain conflict on the market based on the trade mark occurred.

At the same time, non-use cancellation actions may be initiated only after a five-year term from the trade mark publication date.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding Invalidation of a Trade Mark Certificate

A trade mark certificate may be invalidated in whole or in part by the court in the following cases:

- a registered trade mark does not meet requirements for granting legal protection (invalidation is possible based on absolute or

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relative grounds for refusal to grant protection set forth by the Trade Mark Law of Ukraine);

- a trade mark certificate contains elements of the trade mark image and/or the list of goods and services that were not present in the application; and/or
- a trade mark certificate was granted based on an application infringing other persons' rights.

Cancellation Proceedings

A trade mark certificate shall be cancelled by court judgment:

- if a registered trade mark has become a commonly used sign for goods and services of a certain type;
- if a use of a trade mark by the certificate holder or by another person upon consent of the certificate holder may mislead the public, in particular, in terms of the origin, quality or geographical origin of the goods and/or services for which it has been registered; or
- if a trade mark has not been used in Ukraine within five consecutive years, and there are no good reasons for the non-use, it becomes vulnerable to early termination in court. Any person may initiate a non-use cancellation action. Initially, the burden of proof lies upon the claimant, and a well-substantiated statement of claim has to be submitted along with the evidence of the trade mark's non-use in Ukraine. After that, the burden of proof shifts to the defendant to rebut the claimant's arguments.

6.3 Ability to File a Revocation/Cancellation Proceeding

A revocation or cancellation proceeding may be initiated by any person having a legitimate interest, such as conflicting trade mark owners or third parties with a legitimate interest to invalidate/cancel a conflicting trade mark registration.

The trade mark office is not authorised to commence revocation or cancellation proceeding *ex officio*.

6.4 Revocation/Cancellation Procedure

According to the local laws, the revocation/cancellation actions in Ukraine may only be brought before the courts.

The revocation/cancellation disputes between individuals or individuals and legal entities fall under the jurisdiction of civil courts. The disputes between legal entities should be considered by commercial courts.

6.5 Partial Revocation/Cancellation

Partial revocation/cancellation is possible in Ukraine. It is normally applied to revoke/cancel the registration with regard to certain goods/services out of a larger scope of goods/services covered by the registration. For example, partial cancellation is possible concerning certain goods and/or services for which the mark is not used in Ukraine.

6.6 Amendment in Revocation/Cancellation Proceedings

Amendment of the trade mark registration may not be claimed within revocation/cancellation proceedings. However, a defendant may renounce the disputed mark in part of certain goods and/or services, which may lead to amicable settlement of the court dispute.

6.7 Combining Revocation/Cancellation and Infringement

According to the effective Ukrainian law, a statement of claim may contain several claims only when such claims are connected by cause of action or by evidence, or may be considered as main and derivative claims.

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Based on this, the court may consider invalidation of trade mark certificate and termination of trade mark infringement either jointly or separately. The respective jurisprudence is not unified, and judges have significant discretion in this respect.

6.8 Measures to Address Fraudulent Marks

There are no special procedures to revoke or cancel marks filed fraudulently in Ukraine. Therefore, the claimant should rely on the available remedies and reasons for revocation/cancellation of a mark described in **6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding**.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The general limitation period constitutes three years unless a special limitation period is established. This period commences from the day when the person learnt or could have learnt about the violation of its rights, or the person who violated those rights. A special limitation period is not envisaged for trade mark infringement actions. Therefore, the general limitation period applies to trade mark infringement actions and constitutes three years.

7.2 Legal Grounds for Filing Infringement Lawsuits

According to the effective law, trade mark infringement shall be terminated at the trade mark owner's request, and the infringer is obliged to reimburse damages to the trade mark owner.

A trade mark owner may also demand to remove the illegally used trade mark or confusingly simi-

lar sign from the product or its packaging, as well as to destroy the images of the said mark or sign. An unauthorised use of marks and/or confusingly similar signs in domain names is also considered an infringement.

An injunction (preliminary injunction) against the infringer may be sought by the trade mark owner as well.

The court actions to pursue the infringement are available regarding registered trade marks and unregistered trade marks recognised as well-known in Ukraine.

Rights to unregistered marks may be protected by filing a respective complaint with the Antimonopoly Committee of Ukraine based on the Law on Protection from Unfair Competition.

7.3 Parties to an Action for Infringement

The necessary parties to an action for trade mark infringement include a trade mark owner (plaintiff) and an infringer (defendant). A licensee (exclusive/non-exclusive) is entitled to demand termination of the trade mark infringement and/or damages provided that the respective consent has been granted by the trade mark owner.

Third parties can join the proceedings on the side of either plaintiff or defendant if the court decision may affect their rights or obligations with respect to either party.

It is impossible to take a court action against trade mark infringement before the mark is registered. At the same time, such action may be initiated based on a well-known mark.

7.4 Representative or Collective Actions

The legal system of Ukraine does not permit collective actions for trade mark proceedings.

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However, when infringement relates to a collective or co-owned trade mark, its owners may file the statement of claim as co-plaintiffs.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites to initiating a lawsuit against a trade mark infringer in Ukraine. However, preliminary injunctions and infringement actions are available only for the registered trade marks or marks recognised as well-known in Ukraine.

It is also a general practice that a trade mark owner sends a cease-and-desist letter to the infringer before filing a claim. In that case, the statement of claim should include information about previous attempts to resolve the dispute out of court.

At the same time, as a measure of securing legal costs, the court, taking into account the specific circumstances of the case, has the right to oblige the plaintiff to deposit a sum of money to the court's deposit account to ensure a possible reimbursement of the future litigation costs of the defendant. Such security for litigation costs is applied if the claim looks knowingly unreasonable or otherwise an abuse of the right to claim.

7.6 Initial Pleading Standards

Formal Requirements

A statement of claim for trade mark infringement must indicate the names and contact details of the parties to a dispute, the content, and the cause of action. Moreover, along with the statement of claim, the plaintiff must provide evidence substantiating the claims as well as information on the applied measures for pre-trial settlement of the dispute and the measures taken to secure the evidence and claims, if such measures have been taken.

Additional details include preliminary (approximate) calculation of the amount of litigation costs expected by the plaintiff; formal confirmation of the plaintiff that it has not filed another claim(s) against the same defendant(s) with the same subject and on the same grounds. There are no special provisions for lawsuits in trade mark proceedings that differ from non-intellectual property proceedings.

The defendant may file a counter-claim in response to the plaintiff's claims.

Additional Arguments

As a rule, the plaintiff is obliged to provide all available evidence along with the statement of claim. The plaintiff may indicate evidence that cannot be filed along with the statement of claim for good reasons and provide such evidence before consideration of the case on the merits is commenced.

7.7 Lawsuit Procedure

Jurisdiction

Trade mark disputes, including infringement proceedings, between individuals or individuals and legal entities, fall under the jurisdiction of civil courts. Disputes between legal entities should be heard by commercial courts. The said rules relate to first, second and third instances.

Usually, attorneys represent the parties in trade mark litigation. However, a party to a dispute may participate in the proceedings in person (self-representation).

Costs before Filing a Lawsuit

Such costs usually involve test purchase of the infringing products, evidence notarisation and translation, postal services for sending cease-and-desist letters, and an IP expert report (if necessary). The court fees for filing the statement of

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claim and a preliminary injunction request are normally incurred before filing a lawsuit as well.

7.8 Effect of Trade Mark Office Decisions

The trade mark office decisions have no direct effect on infringement actions. Nevertheless, the court may take such decisions into account when delivering the final decision on the merits of the case.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

An alleged infringer may not initiate declaratory judgment proceedings. At the same time, the defendant is entitled to file a motion to oblige the plaintiff to deposit a sum of money to the court's deposit account to ensure possible reimbursement of the future litigation costs of the defendant.

The court may also oblige the plaintiff, who filed the preliminary injunction request, to compensate possible losses of the defendant that may be caused by the injunction.

7.10 Counterfeiting

The plaintiff may file an injunction request for suspension of customs clearance of allegedly counterfeited goods. There are no other special procedures, remedies or statutes addressing counterfeit marks.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no special procedural provisions for trade mark proceedings in Ukraine. Currently, trade mark proceedings are considered by civil

and commercial courts (until the High Intellectual Property Court is finally established in Ukraine).

Trade mark litigation cases are usually assigned to the judges having the necessary level of experience in IP disputes. The parties do not influence the judge selection, which is made automatically by the court case distribution system.

A presiding judge or a party may request for IP expert opinion in the cases where specific knowledge is required.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

In trade mark infringement cases it is necessary to establish that the defendant has actually used the trade mark in a manner prescribed by the law. Such use shall not be purely descriptive and shall not fall under the category of good-faith use.

8.3 Factors in Determining Infringement

The following aspects must be taken into account when determining whether the use of a sign constitutes trade mark infringement:

- degree of distinctiveness of the earlier trade mark registration;
- the level of recognition of the earlier trade mark registration by the consumers;
- degree of similarity between the conflicting marks or their identity; and
- degree of similarity of the goods and/or services covered by the conflicting marks.

8.4 Elements of Other Trade Mark Claims

A trade mark dilution by blurring or tarnishment, causing damage to a trade mark, may be used as additional substantiation of trade mark infringement, especially when conflicting marks are confusingly similar. The same relates

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to cybersquatting. It is worth mentioning that the said claims are usually applied in cases related to well-known marks.

8.5 Effect of Registration

Only an owner of a registered trade mark holds exclusive rights to use or prohibit use of the mark, including through the court. Unregistered trade marks may be protected if recognised as well-known in Ukraine by the court or the Chamber of Appeals of the UA PTO.

8.6 Defences Against Infringement

Exclusive right of a trade mark owner to prohibit unauthorised use of the registered trade mark does not apply to:

- exercising of any right acquired before the application filing date or, if the priority was claimed, before the application priority date (including the prior use right);
- use of the trade mark for a product put into the turnover under the trade mark by the owner or upon its consent, provided that the owner has no essential reasons to prohibit such use in connection with the following sale of the product, in particular in case of change or deterioration of the product after putting it into the turnover;
- use of mark related to the type, quality, quantity, purpose, value, geographical origin, time of production of goods or provision of services or other specifications of goods or services, provided there is no violation of rights of the trade mark owner;
- use of the trade mark during trade, in the event it is necessary to specify the purpose of the product or service, namely, as additional equipment or spare parts, subject to the fact that the trade mark is used in such a way according to fair business practice (descriptive use);

- application of the trade mark in comparative advertising exclusively to distinguish the goods and services in order to objectively emphasise its distinctions subject to the fact that such a trade mark is applied according to fair business practice and in compliance with the Law on Protection from Unfair Competition;
- non-commercial use of the trade mark;
- all forms of broadcasting the news and commenting on the news;
- fair use of names or addresses of other persons; and/or
- use of the trade mark in comparative advertising, carried out in accordance with the laws on advertising, protection against unfair competition and is not related to unfair business practices.

Moreover, a counter-claim may be filed as a defensive strategy to invalidate an earlier registered trade mark or cancel its effect due to non-use.

8.7 Obtaining Information and Evidence

At the request by a party to a dispute the court may secure evidence if there is a reason to believe that certain pieces of evidence can be lost, or the collection or presentation of relevant pieces of evidence can subsequently become impossible or difficult.

Available methods for securing evidence by the court are as follows:

- interrogation of witnesses;
- request for expert opinion;
- discovery and/or examination of evidence;
- prohibition to perform certain actions regarding evidence; and
- obligation to perform certain actions regarding evidence.

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In appropriate cases, the court may apply other methods for securing evidence. An application for securing evidence may be filed with the court either before or after filing a statement of claim.

8.8 Role of Experts and/or Surveys

Both survey reports and expert reports are frequently presented by the parties to prove the likelihood of confusion or demonstrate the level of recognition of the marks by consumers. As a rule, such evidence is admitted by the courts and considered along with other pieces of evidence when deciding trade mark case on the merits. Expert reports must be drafted in strict compliance with the relevant procedural laws.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

A trade mark infringement may be enforced through both administrative and criminal channels.

The criminal proceedings may result in different amounts of fines and may be commenced at the trade mark owner's/licensee's request only given the infringement caused significant damages to the suffering party. Thus, criminal proceedings against a trade mark infringement in Ukraine may be initiated where a specific threshold of damages is met. Further, the relevant process includes different pre-trial and trial stages, such as seizures and/or expert examination of the infringing products, witness examination and court proceedings on the merits of the case.

As a rule, commencement of administrative proceedings is based on the trade mark owner's/licensee's complaint filed with the law-enforcement bodies, as well. The administrative channel is normally used to prosecute minor IP rights offences.

8.10 Costs of Litigating Infringement Actions

The typical costs for bringing an infringement action to a conclusion in the first instance include court fees, professional fees and, normally, the costs for preparation of the expert report(s). The overall cost depends on the circumstances of each particular case.

9. Remedies

9.1 Injunctive Remedies

Preliminary injunctions are available either before filing a claim or at any stage of the case consideration if failure to take such measures may significantly complicate or make it impossible to enforce the court decision, or restore the violated or disputed rights or interests of the plaintiff.

In trade mark cancellation disputes, the courts may apply the following preliminary injunctions against a defendant who holds a disputed trade mark:

- prohibiting transfer of rights to a disputed trade mark;
- prohibiting to abandon a disputed trade mark; and
- prohibiting to grant third persons a right to use a disputed trade mark (including based on a licence agreement).

In court cases related to customs seizures, a preliminary injunction normally relates to temporary suspension of customs clearance of the imported or exported goods.

A defendant may use various defences and, inter alia, it may file an objection against an injunction request stating that the requested injunctive

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measures are not commensurate and/or repeat the claims on the merits of the case, which is not allowed according to the law.

Furthermore, a defendant may ask the court to oblige the plaintiff, who filed the injunction request, to secure compensation for possible losses of the defendant that the injunction may cause (counter-collateral). Counter-collateral is usually carried out by depositing funds into the court's deposit account in the amount determined by the court.

9.2 Monetary Remedies

According to the law, a trade mark infringement shall be terminated at the trade mark owner's request, and the infringer is obliged to indemnify damages to the trade mark owner.

9.3 Impoundment or Destruction of Infringing Articles

The court may decide on the impoundment and destruction of infringing products.

The court may also decide on the impoundment and destruction of materials and tools used to manufacture infringing products.

9.4 Attorneys' Fees and Costs

Initially, the plaintiff is responsible for paying the court fees for the commencement of the court proceedings. As a rule, the losing party is required to reimburse the respective court fees to the prevailing party.

As regards the attorneys' fees and other litigation expenses, it may be subject to reimbursement by the losing party only based on the court ruling regarding the distribution of the litigation expenses.

In case of abuse by a party or its representative of procedural rights or if the dispute arose out of bad faith actions of the party, the court may charge such party with litigation fees in whole or in part, regardless of the outcome of the dispute.

9.5 Ex Parte Relief

A trade mark owner may not seek relief on the merits of the trade mark infringement case without notice to the defendant that should be made according to the procedural laws of Ukraine. As a rule, the court sends a writ of summons or a subpoena to the defendant. However, a preliminary injunction may be taken by the court *ex parte* and without prior notification of the defendant.

At the same time, an infringer would not be notified of a seizure of the counterfeited products within criminal proceedings.

9.6 Rights and Remedies for the Prevailing Defendant

The prevailing defendant may request the court to oblige the plaintiff to reimburse attorney's fees and other litigation expenses. Moreover, the defendant, replaced by another defendant during the court proceedings, has the right to file a motion for compensation of the court expenses incurred as a result of the unreasonable actions of the plaintiff.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The effective Ukrainian law provides for customs seizure of counterfeits. A trade mark should be recorded with the Customs IP Registry of Ukraine to facilitate the customs officials in identifying possible counterfeits at the customs borders.

In case of identification of the infringing products, the customs officials shall immediately inform a representative of the trade mark's

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owner of temporary suspension of the customs clearance of such goods. The suspension period is ten business days and may be extended for ten additional business days upon a reasonable request. During the suspension period, the following defensive actions may be taken:

- court action that includes (i) an application for preliminary injunction aimed at suspension of customs clearance of the infringing goods and (ii) a statement of claim for infringement of IP rights at the customs border; and
- a request to the Customs Authorities for destruction of counterfeits or removal of infringing marks from the products and/or packaging.

In some cases, obtaining samples of the counterfeit products and preparing the expert report may be necessary.

According to the applicable customs provisions, customs seizures should not apply to original goods; ie, goods that have been manufactured upon consent of the right-holder or goods manufactured by a person authorised by the right-holder. In other words, customs officials should not suspend parallel imported original goods.

9.8 Different Remedies for Different Types of Trade Marks

There are no different remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement Defendant's Admission of a Claim

A defendant may admit the claim at every stage of the proceedings. Such admission should not

be contrary to the law or violate the rights or interests of other parties to a dispute.

Settlement Agreement

The parties may settle the case at any stage of the proceedings (including the appeal or cassation stages) by entering into a settlement agreement. A settlement agreement should be approved by the court. The terms of the settlement agreement should not be contrary to the law or violate the rights or interests of other parties to a dispute.

Mediation

Mediation takes place through a mediator who helps the parties to settle the dispute amicably at any stage of the court proceedings. The outcome of the mediation process should not be contrary to the law or violate the rights or interests of other parties to a dispute.

Settlement Conferences with Participation of a Judge

The parties to a dispute may settle the case within the settlement conferences under the supervision of a presiding judge. During closed conferences, the judge has the right to draw attention of the parties to jurisprudence in similar disputes and offer possible ways to resolve the dispute amicably.

10.2 Prevalence of ADR

ADR is possible, but not a common way of settling trade mark cases in Ukraine. However, the Law of Ukraine on Mediation became effective in Ukraine in December 2021, and mediation is expected to become a more popular way of settling disputes in the future.

At the same time, the trade mark owners very often revert to the WIPO or other authorised ADR institutions to resolve domain name disputes.

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10.3 Other Court Proceedings

Other court proceedings, such as parallel revocation or cancellation proceedings, may influence current proceedings. For example, the court may stay infringement proceedings based on the defendant's motion until the parallel revocation court case is resolved. However, such a course of action remains at the judge's discretion.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

The general rule is that the appeal must be filed within 30 days (20 days for commercial courts) after the day on which the judgment is handed down. This time limit may be renewed if the appellant convinces the appellate court that the delay was due to a compelling reason.

The appeal proceedings normally last from four to 12 months before its decision is issued.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions concerning the appellate procedure for trade mark proceedings. General provisions of the procedural law are applied to trade mark proceedings.

11.3 Scope of the Appellate Review

The appellate court reviews the case based on the evidence already available in the case file and additionally submitted evidence that may be accepted thereby due to good reasons for failure to file it with the first instance court. The aim of appeal proceedings is to verify the legality and validity of the first instance court decision.

The appellate review may concern both legal and factual issues but is limited to the appellant's claims. However, if the appellate court finds substantial violation of procedural law or incorrect application of substantive law, the court may exceed the arguments and claims filed by the appellant.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Trade marks may also be protected by copyright in parallel (eg, in case of a logo or a slogan), provided that the respective copyright protection requirements (eg, originality) are met. Earlier created copyright might constitute ground for refusal of a trade mark application, and ground for revocation of a trade mark registration.

Surnames, names of persons, pseudonyms, portraits and facsimiles of famous people in Ukraine are eligible for trade mark protection upon their consent.

In accordance with the law, the scope of trade mark laws based on copyright or related rights is not limited.

12.2 Industrial Design

A trade mark can be protected by design law if the mark (logo) meets the requirements for design protection (ie, individual character and novelty).

12.3 Rights of Publicity and Personality

Celebrities may seek protection, inter alia, for their own names by means of trade mark registrations. See **12.1 Copyright and Related Rights**.

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12.4 Unfair Competition

According to the Law on Protection from Unfair Competition, any act that contravenes business rules and honest commercial practices, including, inter alia, acts susceptible of creating confusion with competitors and their products/services, as well as unauthorised use of a trade mark or a similar designation, should be considered an act of unfair competition which is subject to consideration by the Antimonopoly Committee of Ukraine.

13. Additional Considerations

13.1 Emerging Issues

The most recent developments in the Trade Mark Law of Ukraine occurred at the end of 2020. To summarise, the amendment to the Trade Mark Law is certainly a positive development as it provides a deadline for filing oppositions against trade mark applications, introduces collective trade marks, implements Article 6septies of the Paris Convention, etc.

13.2 Trade Marks and the Internet

Registration of .UA domain names (second-level domain names) may be done only on the basis of respective registered trade marks (national registrations or international registrations covering Ukraine) by the trade mark holders or their licensees.

13.3 Trade Marks and Business

According to the effective law, advertising materials and advertising itself may not violate any third parties' rights. Thus, before launching advertising campaigns, distributors of advertising (eg, TV channels) normally try to eliminate the risks of any third-party claims for IP infringement.

Practically, sometimes TV channels request from advertisers a trade mark application with exact advertising images to somehow avoid IP claims from any third parties. In most cases, trade mark application is used for the above purpose only, and applicants are not interested in obtaining the respective trade mark registration at all. Therefore, most of such trade mark applications lapse due to non-payment of registration fees at the end of substantive examinations in the UA PTO.

Furthermore, according to the Advertising Law of Ukraine, it is prohibited to use any advertising of sponsor in a TV programme, except for name and trade mark of the sponsor. For that reason, sponsors often circumvent the law by filing trade mark applications for the whole storyboard of a particular video. This allows sponsors to comply with the law and mitigate risks related to sponsorship activity. In most cases, such trade mark applications are further withdrawn.

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Mamunya IP is a Ukrainian specialty law firm with a leading depth of expertise and capability across the entire scope of IP work, covering trade mark and patent prosecution, strategy and litigation, as well as attendant issues such as regulatory advice and matters involving anti-counterfeiting, data protection and the intersection of advertising law and IP. The firm's team boasts 15 highly regarded IP professionals. Mamunya IP represents leading domestic and international clients on some of their most com-

plex mandates. The firm's team offers extensive industry expertise in areas including life sciences and pharmaceuticals, consumer electronics, internet and e-commerce, as well as wine, spirits and food, fashion and luxury goods, FMCG, automotive, technology, media and telecoms, and art. Mamunya IP actively supports the UA PTO in its efforts to improve IP rights protection mechanisms and implement comprehensive IP reform in Ukraine.

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UKRAINE LAW AND PRACTICE

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

In the United States, trade mark rights are governed by both statutory and common law. Trade mark rights are created under common law by using the trade mark on or in connection with goods and/or services. At the federal level, a trade mark can be registered with the US Patent and Trademark Office (USPTO) only if the mark is being used in interstate commerce or is subject to registration under an applicable international agreement.

The USA is a signatory to the the following:

- the Trademark Law Treaty;
- the Singapore Treaty on the Law of Trade-marks;
- the Madrid Protocol;
- the 1967 Paris Convention for the Protection of Industrial Property;
- the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (the “TRIPS Agreement”); and
- the General Inter-American Convention for Trade Mark and Commercial Protection of Washington, 1929 (the “Pan-American Convention”).

1.2 Types of Trade Marks

The United States recognises many different types of trade marks. In addition to marks on goods, the USA recognises rights in service marks, collective marks, certification marks and trade dress (product packaging or product configuration). Typically, a trade mark consists of one or more letters, a word and/or an image, shape or colour. Although less common, a trade mark may also consist of a distinctive taste, sound, smell or touch.

Trade mark rights are created under common law by use of the mark on goods, on point of sale materials for goods, or in connection with the advertising or rendering of services. In addition to rights under common law, the Lanham Act provides for the federal registration of marks and for certain rights and remedies to trade mark owners not available under the common law. Each state in the USA also has its own statutory scheme for the registration and enforcement of trade marks, but any rights granted under these schemes apply only within the state.

Surnames as Marks

It is possible to obtain trade mark rights in a surname but typically only if the surname has acquired distinctiveness as a mark for the relevant goods and services. Applications filed with the USPTO to register a surname as a mark will likely be refused unless the applicant can demonstrate the mark’s acquired distinctiveness. One could be prohibited from using their own surname as a mark if it is likely to cause confusion with a pre-existing mark.

Trade Dress

Similar to trade marks, trade dress consists of product packaging or product shape and design to identify and distinguish the goods of one seller from another. For a service, it may be the decor or environment in which a service is provided, such as the distinctive decor, menu, and style of a restaurant.

Collective Marks

Under the Trademark Act, a collective mark is owned by a collective entity and the mark is used by the members of the collective. The two types of collective marks are:

- collective trade marks or collective service marks; and

- collective membership marks.

A collective trade mark or collective service mark is a mark adopted by a “collective” (ie, an association, union, co-operative, fraternal organisation, or other organised collective group) for use only by its members. The members use the mark to identify their goods or services and distinguish them from those of non-members. The “collective” itself neither sells goods nor performs services, but the collective may advertise or otherwise promote its members using the mark.

A collective membership mark is a mark adopted for the purpose of indicating membership in an organised collective group, such as a union, an association, or other organisation. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services. The sole function of a collective membership mark is to indicate that the person displaying the mark is a member of the organised collective group.

Certification Marks

A certification mark is a mark owned by one person and used by others in connection with their goods or services to certify quality, or regional or other origin. The certifying organisation that owns the certification mark controls who can use the mark and will let others use its certification mark only if the goods, services, or their providers meet the organisation’s standards.

Standard Character Versus Special Form Marks

In addition to the different types of marks, the USPTO distinguishes between two types of formats when registering a mark: “standard character” marks and “special form” marks. Standard character marks are marks without a design in which the applicant is applying to protect the

wording of the mark regardless of how it may appear on a product or service – ie, without claim to any particular font style, size or colour. Special form marks include a two or three-dimensional design, colour and/or words, letters or numbers, or the combination thereof in a particular font style or size.

1.3 Statutory Marks

The use of Olympic symbols, emblems, trade marks and names is specially protected by 36 USC Section 380, which prohibits the unauthorised use of the Olympic symbol (interlocking rings), emblem, the words “Olympic”, “Olympiad”, “Citius Altius Fortius”, or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Olympic Committee or any Olympic activity, or any other trade mark, trade name, sign, symbol, or insignia falsely representing association with, or authorisation by, the International Olympic Committee or associated US corporation.

1.4 Well-Known Foreign Marks

The owner of a well-known foreign mark may bring an action under Section 43(a) of the Lanham Act against an unauthorised user of the mark in commerce in the USA, even if the foreign mark owner has not itself registered or used the mark in the USA. It may also oppose an application to register the mark or seek cancellation of a registration of the mark before the USPTO’s Trademark Trial and Appeal Board (TTAB) on grounds that the mark is likely to cause confusion with the well-known foreign mark or that the unauthorised use of the mark falsely suggests a connection to persons, institutions, beliefs or national symbols. If the foreign mark is determined to be famous in the USA, then the foreign mark owner could also assert a claim in court or

before the TTAB for trade mark dilution under Section 43(c) of the Lanham Act.

1.5 Term of Protection

Rights existing under common law will continue for as long as the trade mark remains in use and has not been abandoned. See 3.3 Term of Registration.

1.6 Exhaustion of Trade Mark Rights

The first sale of an item bearing a trade mark typically exhausts the trade mark owner's rights with respect to that specific item. This allows that item to be resold by the buyer without permission of the trade mark owner. However, third parties may not lawfully misrepresent themselves as an "authorised" dealer in the course of reselling the product. Exceptions to this rule exist in the context of grey market goods and where the product is sold through authorised dealers subject to certain conditions such that a resale of the product that is not subject to those conditions would effectively render the product a materially different product.

1.7 Symbols to Denote Trade Marks

In the USA, the ® symbol is used to indicate that a mark is federally registered. This symbol should only be used once the federal registration has issued. The owner of a claimed mark can use TM. The use of a TM provides no information about whether the mark is or is not registered, merely that a claim of rights is being made in the mark.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

A trade mark assignment is a transfer of all rights, title and interest in a trade mark or service mark.

The transferring party ("assignor") transfers to the receiving party ("assignee") its ownership of the mark. The assignment must be in writing duly executed by the assignor. The transfer must assign the goodwill of the business associated with that mark.

If a US trade mark is assigned without the associated goodwill, the transfer is determined to be an "assignment in gross" and can result in an assignee's losing rights to the assigned trade mark. The assignment of a trade mark not yet in use, but the subject of an intent-to-use-based US trade mark application, must be transferred together with the assignor's ongoing and existing business connected with the mark.

Assignment Process

An assignment differs from a licence, which is the grant of permission to use a mark in some manner but does not transfer any rights of ownership in the mark.

A mark is assigned by written assignment identifying:

- the parties;
- the mark(s) being assigned;
- the USPTO application(s) and/or registration(s) for such mark(s), if applicable; and
- the effective date of the assignment.

The assignment should include a statement that the assignee is acquiring all right, title and interest in the mark(s) and the underlying goodwill of the business associated with the mark(s). The assignment must be signed by the assignor, or someone designated with the authority to bind the assignor.

2.2 Licensing Requirements or Restrictions

While an application or registration itself cannot be licensed, the right to use a mark may be licensed. Any type of licence can be granted by a mark owner (ie, exclusive, non-exclusive, for some or all of the goods or services listed in the registration, for specific geographical areas), provided that the mark owner exercises control over the licensee's use of the licensed mark. The licence should not be a "naked licence", ie, licensed without quality controls ensuring that the mark is being used precisely as the mark owner designates it. A licence need not be recorded, but doing so can provide notice to third parties of the rights of the licensee.

While US law recognises that property owners should be able to license their property for any term or duration, most trade mark licences are not perpetual. One obstacle to granting a perpetual licence is the requirement to exercise quality control over the licensee.

The rejection of a trade mark licence by a licensor in bankruptcy does not terminate the licence, and the licensee may continue to use the mark under the terms of the agreement.

2.3 Registration or Recording of the Assignment

An assignment is not required to be recorded in the USPTO, although there are consequences for not recording an assignment of an application or registration in the USPTO Assignments Division. A written assignment, duly acknowledged and recorded, is prima facie evidence, which enables the assignee to invoke the registration against third parties. If not recorded, the assignment may not be effective against a subsequently dated but recorded assignment.

An assignment is void against any subsequent purchaser for valuable consideration without notice, unless the prescribed information reporting the assignment is recorded in the USPTO within three months after the date of the assignment or prior to the subsequent purchase.

2.4 Other Requirements for Licences or Assignments to be Valid

In addition to the requirements discussed, all licences and assignments under US law must contain valid consideration. Otherwise, the contract will be deemed unenforceable.

2.5 Assigning or Licensing Applications

A trade mark that is the subject of a pending application can be assigned or licensed, but one cannot assign or license the application separate and apart from the mark. If the mark is not yet in use in US commerce but is the subject of an intent to use application, it can be licensed, and the third party's use of the mark will inure to the licensor and can be used to demonstrate use for purposes of registration. The rights in an intent to use application may be assigned but only to a successor of the ongoing and existing business of the applicant, or of that portion of the applicant's business, to which the mark pertains. However, an assignment of an intent to use application as security is not permitted and voids not only the assignment but also the application.

2.6 Trade Marks as Security

A security interest is a property interest created by agreement between parties or by operation of law over assets in order to secure the performance of an obligation. Because a trade mark is a form of property and an asset of the business that owns the trade mark, it can be used as a security interest, subject to rights in rem, assigned by way of security, and be levied in

execution. All of these transactions should be recorded in the Assignments Division of the USPTO. However, an assignment of an intent to use application for purposes of security is not permitted and voids both the assignment and the application.

3. Registration

3.1 Trade Mark Registration

In the USA, trade mark rights arise from actual use of the mark. A registration is not necessary to acquire rights in a mark, but a federal registration conveys significant benefits, including the legal presumption of validity and ownership of the mark, and the presumption of the owner's exclusive right to use the mark on or in connection with the goods/services listed in the registration throughout the USA and its territories.

Registering Different Types of Marks

Generally, the same standards apply for registering different types of marks. A mark that is inherently distinctive (fanciful, arbitrary or suggestive) is entitled to registration without proof that the mark has obtained a secondary meaning in the eyes of consumers as signifying the unique source of a product or service. In contrast, a mark that merely describes a feature, attribute or purpose of the goods or service can be registered only upon a showing that such secondary meaning has been obtained.

In many cases, it will be sufficient for the trade mark owner to claim secondary meaning for its mark by submitting a declaration that the mark has been in continuous and substantially exclusive use for at least five years. In some cases, the United States Patent and Trademark Office (USPTO) may require additional evidence, such as proof of revenues and advertising expendi-

tures under the mark, evidence of unsolicited media coverage, consumer testimony of the mark's source designating significance, or other evidence.

Trade Dress

If trade dress satisfies the federal standards of trade mark or service mark protection as identifying and distinguishing a product or service, then it is registrable. The elements of the trade dress, however, must be listed and defined so that the public understands the exact parameters of the claimed exclusive right. Product configuration trade dress can never be inherently distinctive and always requires proof of secondary meaning before it is entitled to registration.

3.2 Trade Mark Register

Each state and the United States Patent and Trademark Office (USPTO) has its own "register", which is typically available to the public. The USPTO maintains two different types of registers: a Principal Register and a Supplemental Register. The Supplemental Register offers registration for marks that cannot meet all the requirements for registration on the Principal Register – namely, the mark is not inherently distinctive and does not yet have "secondary meaning" (ie, when consumers associate the mark with a single source for the goods or services in question) but is capable of acquiring distinctiveness through use.

Marks registered on the Supplemental Register lack most of the advantages of a registration on the Principal Register. For example, there is no presumption of validity, ownership, or exclusive right to use a mark on the Supplemental Register. However, a Supplemental Registration can be cited by the USPTO against subsequent applications as a basis to refuse registration to marks that are likely to cause confusion. It may

also be used to obtain an International Registration under the Madrid Protocol.

Before a trade mark owner uses or applies to register a mark, it should conduct a search for possible conflicts with previously used but unregistered marks, applied-for marks, and registered marks. This can be done by conducting a search of existing databases and the World Wide Web. The public may conduct searches free of charge using the Trademark Electronic Search System (TESS) on the USPTO website. TESS provides access to text and images of registered marks and marks in pending and abandoned applications. In addition, there are private, commercial databases that offer computerised trade mark searching services for a fee.

3.3 Term of Registration

Federal trade mark registrations are granted for ten-year periods running from the date the registration is granted, provided that a declaration of continued use is filed between the fifth and sixth anniversary of the registration date. The registration can be renewed every tenth anniversary from the registration date, if the registered mark continues to be used in commerce. The renewal application can be filed as early as one year before the expiration date of the registration and, with payment of an additional fee, as late as six months after the expiration date. If the registration is not renewed within this window, it will expire and it cannot be revived.

Registrations of a trade mark under state law are subject to the provisions of the relevant state statute, which governs the term.

3.4 Updating or Refreshing Registrations

If the owner of a registered mark in the USA wishes to update, refresh or modernise the mark and reflect the refreshed version on its registration

certificate in the USPTO's records, the owner must file a request to amend the registration certificate under Section 7(e) of the Lanham Act. As long as the refresh does not constitute a material alteration of the original mark, the amendment will be permitted. Mere changes in background or styling, or modernisation, are not ordinarily considered to be material changes in the mark.

However, each case must be decided on its own facts. The controlling question is always whether the old and new forms of the mark create essentially the same commercial impression. If the USPTO determines that the new version of the mark is a material alteration of the original, then it would be necessary to file a new application to register the new version of the mark.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

When applying for a federal registration, the standards are generally the same for all marks – namely, that the mark is available (ie, not registered by a third party for the same or similar goods/services), that the mark is distinctive, that the mark is or will be used in US Commerce, and that the mark does not fall into one of the exceptions to federal registration listed in Section 2 of the Lanham Act.

The Trademark Manual of Examining Procedure (TMEP), which is available on the USPTO website, lists all of the requirements to obtain a federal trade mark registration. Generally, an application for trade mark or service mark registration must include the following:

- a clear drawing of the mark;

- a verified statement signed by a person properly authorised to sign on behalf of the applicant stating, among other things, that the application is accurate and true and that, to the best of the signatory's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form or in such near resemblance as to be likely, when used on or in connection with the goods of the other person, to cause confusion, or to cause mistake, or to deceive;
- a written application that includes the following:
 - (a) the date on which the application was signed;
 - (b) information about the applicant, its entity type (ie, individual, partnership, joint venture, corporation, association, etc), its domicile address, and an email address (unless exempt);
 - (c) an identification of the goods/services;
 - (d) the basis for registration in the USA; a statement that the applicant is using the mark in commerce in a Section 1(a) application, or has a bona fide intent to use the mark in commerce in an application under Section 1(b) or Section 44;
 - (e) a description of the mark, if the mark is not in standard characters; and
 - (f) certain other informational statements about the mark for certain types of marks and circumstances;
- a filing fee for each class of goods/services (multi-class applications are allowed); and
- a specimen or sample of actual use of the mark evidencing the mark's use in US Commerce in a Section 1(a) application, or a true copy of the applicant's home country certificate of registration if based upon a foreign registration of a non-US applicant in a Section 44(e) application. Section 818 of the TMEP provides an application checklist.

Applicants

An application to register a mark must be filed by the owner of the mark or, in the case of an intent-to-use application, by the person who is entitled to use the mark in commerce. Normally the owner of a mark is the person who applies the mark to goods that they produce or use the mark in the sale or advertising of services that they perform.

Applicants may be natural persons or juristic persons. Juristic persons include corporations, partnerships, joint ventures, unions, associations, and other organisations capable of suing and being sued in a court of law. Nations, states, municipalities, and other related types of bodies operating with governmental authorisation may apply to register marks that they own. Foreign applicants must appoint and be represented by a US attorney before the USPTO.

4.2 Use in Commerce Prior to Registration

Except where an applicant files an application seeking registration of a mark based upon the applicant's foreign trade mark registration, or an extension of protection of an International Registration under the Madrid system, an applicant must demonstrate use of the mark in commerce before a registration will issue. The Lanham Act defines "use in commerce" to mean the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.

For goods, a mark is used in commerce when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or transported in commerce that may be

lawfully regulated by the US Congress (ie, interstate or international commerce). For services, a mark is used in commerce when it is used or displayed in the sale or advertising of services and the services are rendered in interstate 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.

For an application filed based upon the applicant's intent to use the mark in commerce, the applicant has six months from the date of the USPTO's Notice of Allowance to file the required statement of use. If use has not begun within the six-month period, the applicant may request a further extension of six months. A total of five extension requests may be filed.

4.3 Series Mark Registrations

It is not possible to apply to register two or more variations of a trade mark in a single application. Each application can contain only one specifically defined mark to register. In some cases, a trade mark owner may use its mark with a word or other element that may vary depending on the context in which that mark is being used. Generally, if an application seeks registration of a mark with a significant changeable or "phantom" element, the examining attorney must consider whether the element encompasses so many potential combinations that the drawing would not give adequate constructive notice to third parties as to the nature of the mark and a thorough and effective search for conflicting marks is not possible. If so, the examining attorney must refuse registration on the ground that the application seeks registration of more than one mark.

4.4 Consideration of Prior Rights in Registration

When an application to register a trade mark is examined by the USPTO, the examining attorney will conduct a search of the USPTO records to determine whether any prior registrations or pending applications are so similar as to create a likelihood of confusion. If the applied for mark is likely to cause confusion with a prior registered mark, the prior registration will be cited as a bar to registration of the new mark. If there exists a confusingly similar mark in a prior pending application, the new application will be suspended pending the outcome of the prior application. If the prior application proceeds to registration, the resulting registration will usually be cited against the new application as a bar to registration.

The applicant can argue against the likelihood of confusion refusal, which can include the submission of a consent from the owner of the prior registered mark to the registration of the applied for mark. A valid consent will include a recitation of the facts and reasons why the parties believe there is no likelihood of confusion between their marks. Naked consents lacking such facts and reasons carry little to no weight and will generally be disregarded.

4.5 Consideration of Third-Party Rights in Registration

Before an application is approved for publication, a third party has an opportunity to present evidence bearing on the registrability of a mark by filing a "letter of protest" with the Office of the Deputy Commissioner for Trademark Examination Policy. The Deputy Commissioner will accept a letter of protest filed before publication where it is determined that the evidence is relevant and supports any reasonable ground for refusal appropriate in ex parte examination. Upon acceptance of a letter of protest, the

Deputy Commissioner will forward the relevant evidence (but not the letter of protest itself) to the examining attorney.

Once an application has been published for opposition, any person who believes that they would be damaged by the registration of a mark on the Principal Register may oppose registration by filing a notice of opposition with the Trademark Trial and Appeal Board (TTAB), and paying the required fee, within 30 days after the date of publication, or within an extension period granted by the TTAB for filing an opposition. At the pleading stage, all that is required is that a plaintiff allege facts sufficient to show a “real interest” in the proceeding, and a “reasonable basis” for its belief that it would suffer some kind of damage if the mark is registered. Once the right to oppose is shown, the opposer may base its challenge on any applicable basis in the Lanham Act which negates the applicant’s right to registration of the mark.

4.6 Revocation, Change, Amendment or Correction of an Application

The applicant and the USPTO both can amend an application during prosecution to a limited extent. The applicant may narrow or limit the goods/services in an application or alter the mark provided that the alteration is not material (ie, the mark retains the same commercial impression). The applicant listed in the application can only be changed if there is a clerical error causing the wrong applicant to be listed or the application is assigned and the assignment is recorded with the Assignments Recordation Branch. The examining attorney may issue an examiner’s amendment whenever appropriate to expedite prosecution of an application. An examiner’s amendment is a communication to the applicant in which the examining attorney

states that the application has been amended in a specified way.

Authorisation by the applicant to enter an examiner’s amendment is usually given in a telephone conversation, email communication, or interview between the examining attorney and the applicant or the applicant’s qualified practitioner. Examiner’s amendments generally are not used when there are statutory refusals. However, if there is a potential statutory refusal, and an amendment will obviate the refusal, the examining attorney may attempt to resolve the issue through an examiner’s amendment.

The USPTO can revoke or change its examination decisions, adding a refusal or requirement, at any time before the publication of the application. After the application is published, the USPTO may add a refusal or requirement only if it would be “clear error” not to do so.

4.7 Dividing a Trade Mark Application

An applicant may divide its application during prosecution by filing a request to divide and paying the appropriate fee. Dividing the application results in the creation of a second child application which is given a new serial number but typically retains the same priority filing date as the original application. Dividing the application is a common approach when the mark is in use for some but not all the goods and services listed in the application.

An applicant can divide the application to separate those goods and services for which the mark is not yet in use from those that are in use. Doing so allows the applicant to move forward more promptly and obtain registrations covering those goods and services for which use has already begun.

4.8 Incorrect Information in an Application

Depending upon the nature of the incorrect information, it may be possible to amend the application to provide the correct information. The examining attorney, subject to review by the Director of the USPTO, will determine if the correction is permissible. Generally, only clerical type information can be corrected. If, for example, the wrong owner of the mark is identified as the applicant, that cannot be corrected and a new application would have to be filed.

4.9 Refusal of Registration

An application to register a trade mark that meets the application requirements in **4.1 Application Requirements** must be approved unless it falls within one of the statutory bases for refusing registration. Section 2 of the Lanham Act prohibits registration if:

- the mark consists of or comprises matter which may falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols;
- the mark consists of or comprises a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant;
- the mark consists of deceptive matter;
- the mark consists of or comprises the flag, coat of arms or other insignia of the USA, a State or municipality or a foreign nation;
- the mark consists of or comprises a name, portrait or signature identifying a particular living person without their written consent, or the name, signature or portrait of a deceased President during the life of their widow, without their written consent;

- the mark is likely to cause confusion with a mark already registered in the Trademark Office or a mark or trade name previously used in the USA by another and not abandoned;
- the mark is merely descriptive or deceptively misdescriptive of the goods/services, is primarily geographically descriptive or deceptively misdescriptive of the goods/services, or is primarily merely a surname, and the applicant cannot prove the existence of secondary meaning; or
- the mark comprises matter that is functional.

During examination, if the USPTO examiner concludes that fraudulent specimens of use or other false information have been submitted, an office action may issue requiring the applicant to provide additional information or specimens of use. If the applicant fails to file a timely and satisfactory response, registration may be refused. In addition, if the applicant or its counsel are found to have engaged in an improper filing scheme, the USPTO could enter a sanctions order, including termination of the application.

In addition, the USPTO may refuse to register a claimed mark if it concludes that the claimed mark fails to function as a trade mark for the applicant's goods or services. For example, if the claimed mark is widely used to convey ordinary or familiar concepts or sentiments, or social, political, religious or similar informational messages that are in common use.

The Supreme Court has held that a mark may not be refused registration on grounds that it is immoral or scandalous, or that it disparages another person or group.

4.10 Remedies Against the Trade Mark Office

In the process of registering a mark with the USPTO, the application is examined by an examining attorney to see if any of the statutory bars to registration apply to the applicant's mark. For example, in an office action, the examiner may reject the application in whole or in part, request further information or request a disclaimer of part of the mark. The applicant then must respond.

Upon review of a response, the examining attorney may state that the refusal(s) to register, or the requirement(s), is final. After a final rejection that maintains a substantive refusal to register, the applicant may file:

- a request for reconsideration that seeks to overcome any substantive refusals to register and/or complies with any outstanding requirements; and/or
- a notice of appeal to the Trademark Trial and Appeal Board (TTAB).

Only a final refusal can be appealed, and the applicant must file the appeal within six months of the issuance date of the final refusal.

A TTAB decision can be appealed to the Court of Appeals for the Federal Circuit or to a federal district court. In an appeal to a district court, the applicant may submit additional evidence in support of registration.

4.11 The Madrid System

The USA is a party to the Madrid Protocol. International Registration applications can be filed based on a US application or registration. While International Registrations designating the USA are renewed through the World Intellectual Property Organization, the owner must also file an

Affidavit of Continued Use or Excusable Non-use in the USPTO to prevent the extension of protection from being cancelled. This Affidavit must first be filed between the fifth and sixth anniversary of the dates of registration in the United States and thereafter within the year prior to every ten-year period after the date of registration in the United States. The Affidavit may be filed late, within a six-month grace period, upon payment of an additional fee.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

An opposition must be filed with the Trademark Trial and Appeal Board (TTAB) within 30 days after the date of publication of the trade mark, or within an extension period granted by the TTAB for filing an opposition. The deadline to oppose may be extended by the TTAB for 30 days upon request or up to 90 days upon a showing of good cause. After receiving one or two extensions of time totalling 90 days, a person may file one final request for an extension of time for an additional 60 days but only with the consent of the application or upon a showing of extraordinary circumstances. The time for filing an opposition cannot be extended beyond 180 days from the date of publication.

5.2 Legal Grounds for Filing an Opposition

The notice of opposition must include a concise statement of the reasons for the opposer's belief that the opposer would be damaged by the registration of the opposed mark and must state the grounds for opposition. The reasons could include any of the reasons for which the USPTO might refuse registration (see 4.9 Refusal of Registration). The owner of a famous mark can oppose registration on the grounds that the

applied for mark is likely to dilute, by blurring or by tarnishment, the distinctiveness of the famous mark.

5.3 Ability to File an Opposition

Any person who believes it is or will be damaged by registration of a mark may file an opposition. At the pleading stage, an opposer must allege facts sufficient to show a “real interest” in the proceeding, and a “reasonable basis” for its belief that it would suffer some kind of damage if the mark is registered. Examples may include a competitor or an applicant against whom the opposed application has been cited as a potential bar to registration of the applicant’s mark. It is not necessary for the opposer to own a trade mark registration.

5.4 Opposition Procedure

Oppositions follow the Federal Rules of Civil Procedure and discovery is similar to that in federal court. However, because oppositions are administrative proceedings, the TTAB can only decide the registration of a mark, not its use or any monetary damages. In opposition proceedings, there are initial disclosure requirements, a mandatory discovery conference and a period of discovery that typically includes interrogatories, requests for admissions and requests for production of documents, all of which are limited to 75 each. Depositions may be taken and motions may be made in opposition proceedings as well.

Testimony Period

After the discovery period has been completed and the parties have completed their pretrial disclosures, each party has a testimony period in which to present their evidence to the TTAB. The opposer will have a 30-day period to present its case in chief, after which, the applicant will have 30 days to present its case. The opposer

will then have 15 days to present any rebuttal evidence. Thereafter:

- the opposer submits its brief on the merits of the case;
- the applicant submits its responsive brief on the merits; and
- the opposer may submit a reply brief.

Oral Hearings

An oral hearing is optional and is scheduled only if a timely request is filed by a party to the proceeding. In most cases, an oral hearing is not requested by either party. The oral hearing provides a party with one last opportunity to emphasise its strongest arguments, and to refute its adversary’s arguments. It is particularly useful in cases with complex issues or a complex record, or where the defendant needs to respond to arguments in the plaintiff’s reply brief. If neither party requests an oral hearing, the case will be decided on the evidence made of record during the testimony periods.

Attendance at a scheduled oral hearing is voluntary, not mandatory. If any party appears at the scheduled time, the party will be heard, whether the party that appears is the one that requested the hearing. A party that does not intend to appear at a scheduled hearing should notify the TTAB at least two weeks prior to the date of the scheduled hearing.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

A party may appeal an adverse decision of the TTAB within 60 days of the decision. The appeal must be filed with either the US Court of Appeals for the Federal Circuit or a federal district court.

One benefit of filing in district court is the opportunity to present additional evidence. The

appealing party can also present new issues which were not brought before the TTAB. The case can be expanded to include claims for infringement and counterclaims not asserted before the TTAB. The TTAB decision is given no deference.

Only a final decision (ie, a “final dispositive ruling that ends litigation on the merits” before the TTAB) may be appealed. Interlocutory decisions or orders (ie, decisions or orders that do not put an end to the litigation before the TTAB) are not appealable. In an inter partes proceeding, a party may obtain review of an order or decision of the TTAB which concerns matters of procedure (rather than the central issue or issues before the TTAB), and does not put an end to the litigation before the TTAB, by timely petition to the Director.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

During the first five years following the federal registration of a mark, that registration may be cancelled on any basis for which it can be shown that the registration should not have issued or should not be maintained. Once the registration has reached its fifth-year anniversary, the grounds for cancellation are limited as described in **6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding**.

In addition, the Trademark Modernization Act of 2020 created two new statutory procedures for cancelling federal registrations of trade marks that have not been used in commerce. These procedures are referred to as expungement and re-examination. A petition for expungement,

seeking cancellation of the registration of a mark never used in commerce, may be filed no earlier than three years after the registration date and no later than ten years after the registration date. A petition for re-examination, seeking cancellation of a registration issued under Section 1 of the Lanham Act for a mark not in use in commerce on the relevant date use was required, must be filed within five years of the registration date.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Depending upon the time at which a cancellation proceeding is filed, registration may be cancelled on any basis for which it can be shown that the registration should not have issued or should not be maintained. These grounds may include, among others, that the mark is merely descriptive and has not acquired distinctiveness of a mark, that the mark was not in use in commerce by the relevant date prior to registration, that the registered mark has never been used in commerce, that the registered mark is likely to be confused with the petitioner’s prior registered or common law mark, and that the registered mark is likely to dilute a prior famous mark.

After a mark has been registered for at least five years, the grounds for cancellation are limited to the following:

- that the mark has become generic for all or a portion of the covered goods or services;
- that the mark is functional;
- that the mark has been abandoned;
- that the registered mark has never been used in commerce (if registration is less than ten years old);
- that the registration was obtained fraudulently;

- that a registration for a collective or certification mark was obtained in contravention of the statute;
- that the mark comprises deceptive matter;
- that the mark falsely suggests a connection with persons, institutions, beliefs, or national symbols, or brings them into contempt, or disrepute;
- in the case of mark for wines or spirits, that it consists of a geographic indication other than the origin of the goods;
- that the mark consists of the flag, coat of arm or insignia of the United States, or of any State or municipality, or of any foreign nation or otherwise;
- that the mark consists of or comprises a name, portrait, or signature identifying a particular living individual without their written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, without her written consent;
- if the registered mark is being used by, or with the permission of, the registrant to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- in the case of a certification mark on the ground that the registrant:
 - (a) does not control, or is not able legitimately to exercise control over, the use of such mark;
 - (b) engages in the production or marketing of any goods or services to which the certification mark is applied;
 - (c) permits the use of the certification mark for purposes other than to certify; or
 - (d) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies.

Expungement Procedure

The expungement procedure applies to registered marks that have never been used in commerce on or in connection with some or all the goods/services listed in the registration. Expungement is available for a registration based on use in commerce, a foreign registration, or the Madrid Protocol.

Re-examination Procedure

The re-examination procedure applies only to marks registered under Section 1 of the Lanham Act that were not in use in commerce on the relevant date use was required. If the registration is based upon an application claiming use in commerce, the relevant date is the date the application was filed with the USPTO. If the registration is based on an application claiming an intent to use the mark in commerce, the relevant date is the later of the date upon which the applicant filed an amendment to allege use of the mark in commerce or the date upon which the applicant's period for filing a statement of use of the mark expired.

Cancellation of a federal registration does not necessarily invalidate the underlying mark or affect any common law trade mark rights that the owner may otherwise have. Depending upon the reason for cancellation, the trade mark owner may still have protectable rights under common law.

6.3 Ability to File a Revocation/ Cancellation Proceeding

Any person who believes they are or will be damaged by the continued registration of a mark is entitled to bring a cancellation proceeding against an existing trade mark registration: 15 USC Section 1064. This has been interpreted by the courts to be a low standard allowing anyone who is not a "mere interloper" to institute

such proceedings. A petitioner seeking to cancel another's registration is not required to plead or prove economic damages as a result of continued registration of the challenged mark.

In contrast, any person may file a petition for re-examination or expungement of a registration. In fact, the real party in interest does not have to be identified.

6.4 Revocation/Cancellation Procedure

A petition to cancel a federal trade mark registration is typically filed with the TTAB. The procedure is the same as described in **5.4 Opposition Procedure**.

The civil courts do not have independent jurisdiction over actions filed specifically to cancel a federal registration. However, a person who is a party to a civil lawsuit that involves a federally registered mark in connection with an asserted claim (ie, infringement) may request cancellation of that registration as a remedy.

Petitions for expungement and re-examination are filed with the USPTO Director and must include:

- a verified statement that establishes a reasonable investigation was conducted regarding whether the trademark had been used in commerce with specified goods or services and includes a concise factual statement explaining the basis for the petition;
- evidence supporting a prima facie case of non-use in commerce ("a reasonable predicate") and an index of the evidence; and
- the filing fee.

If a petition for expungement or re-examination is instituted by the USPTO Director, an office action will be sent to the registrant. The regis-

trant has three months to respond. If the registrant provides a timely response, the USPTO examiner will consider all the evidence and decide whether the registration should be cancelled as to some or all of the goods or services at issue. If the registrant does not respond by the due date, the proceeding will be terminated and the registration cancelled in whole or part, as appropriate.

6.5 Partial Revocation/Cancellation

A registration can be cancelled in part if the grounds for cancellation apply only to a portion of the goods or services described in the registration. For example, if the trade mark owner is found to have abandoned the mark as to some but not all the registered goods, the registration may be cancelled as to the abandoned goods but will remain in full force and effect as to the non-abandoned goods. Petitions for expungement and re-examination may be directed to, or initiated for, only a portion of the goods and services.

6.6 Amendment in Revocation/Cancellation Proceedings

The USPTO is authorised to modify or amend a registration to limit the goods and services identified in the registration or to restrict the scope of a registration in cases where concurrent use is established. In some cases, the petitioner may be seeking what is in effect a partial cancellation by requesting a limitation of the goods and services on grounds that a likelihood of confusion with the petitioner's mark will be avoided if the limitation is ordered. In such cases, the petitioner must prove that the limitation properly applies to the registrant's goods and services as used and that such limitation will obviate confusion between the petitioner's and registrant's respective goods.

Similarly, the parties may agree to an amendment as part of a settlement of their dispute. This resolution frequently occurs where the parties have agreed to co-exist or where the registrant has consented to registration of the petitioner's mark where the registered mark had been cited as a bar to registration of the petitioner's mark.

6.7 Combining Revocation/Cancellation and Infringement

Infringement claims are never addressed by the TTAB because its jurisdiction is limited to deciding the registrability of a mark. In most cases, if a cancellation action is pending before the TTAB, and an infringement case involving the same mark is pending in a court, the TTAB will stay the cancellation action pending resolution of the court case. This is because TTAB decisions are not binding on the courts, but court decisions are binding upon the TTAB.

A court having proper and independent jurisdiction over the action and the parties in a trade mark infringement case is empowered to "determine the right to registration, order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action": 15 USC Section 1119. This statute does not allow a party to initiate a lawsuit solely for the purpose of cancelling another's registration. There must be some other independent basis for jurisdiction before the court. Typically, a cancellation claim under this statute would be pleaded as a counterclaim to the plaintiff's claim for infringement of the mark.

6.8 Measures to Address Fraudulent Marks

Registrations obtained by fraud are subject to cancellation actions as described in **6.2 Legal Grounds for Filing a Revocation/Cancellation**

Proceeding. In addition, registrations obtained under Section 1 of the Lanham Act based upon a false or fraudulent claim of use in commerce are subject to a petition for re-examination.

The USPTO is training examiners to identify indicia of fraud during prosecution, such as the submission of fraudulent specimens. If an examiner believes indicia of fraud exist, an office action seeking further information or specimens may issue. The examiner has the authority to refuse registration if the application fails to provide satisfactory information in response to the office action.

The USPTO has announced a Trademark Administrative Sanctions Process under which it will investigate persons who submit improper filings as part of an improper filing scheme. If an application becomes subject to an investigation, it will be suspended pending the results of the investigation. If the USPTO finds evidence of an improper filing scheme, which may include fraud, affected applications will be terminated. Affected registrations will not be cancelled but an entry explaining the adverse action will be made in the public record of the registration.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The federal Lanham Act contains no statute of limitations for filing infringement claims, but such claims are subject to the equitable defence of laches (undue delay). When an accused infringer asserts laches as a defence, the court looks to the statute of limitations of the corresponding claim under the state law in which the court sits and applies a rebuttable presumption against the trade mark owner if the lawsuit is filed after

that date. As a result, whether laches is determined to apply may vary depending upon where the action has been filed.

7.2 Legal Grounds for Filing Infringement Lawsuits

If a trade mark is infringed, the trade mark owner may initiate a lawsuit against the infringer by filing a complaint. The complaint may assert different causes of action under federal and/or state law, depending on the nature of the infringement and whether the mark is registered.

For example, a cause of action for federal trade mark infringement can be asserted only if the mark has been registered with the USPTO, but a federal claim for false designation of origin, false endorsement, or false association can be based on an unregistered mark if the defendant is using the infringing mark in commerce. Similarly claims under state law, such as common law trade mark infringement, unfair competition, and deceptive or unfair trade practices do not require that the trade mark be registered.

The owner of a famous trade mark that is distinctive may assert a claim of trade mark dilution. If a trade mark is being used in a domain name, the trade mark owner may bring an action for cybersquatting.

7.3 Parties to an Action for Infringement

The parties to an action for trade mark infringement are usually the trade mark owner and those parties accused of infringement. In the case of a defendant corporation or other business entity, the owners, managers, officers, and/or directors of the entity may be named and held personally liable if they have actively participated in or directed the infringing activity.

In some cases, an exclusive licensee of the trade mark may initiate a claim for infringement and/or false designation of origin. With respect to a federally registered mark, if the exclusive licence effectively grants rights akin to ownership of the mark (ie, the trade mark owner retains no right to use the mark and has expressly authorised the exclusive licensee to sue for infringement), the exclusive licensee can pursue a federal trade mark infringement action. Even if the mark is not registered or the licence does not convey rights akin to ownership, courts have allowed exclusive licensees to bring actions for false designation of origin under Section 43(a) of the Lanham Act. In contrast, non-exclusive licensees do not have standing to pursue such infringement claims.

7.4 Representative or Collective Actions

Class actions are permitted in the USA but would be unusual in trade mark cases. Because the definition of a trade mark pertains to the designation of a single source, the circumstances for a plaintiff's class action suit would not seem to exist. Multiple plaintiffs could join together in an action against a defendant or group of defendants that are infringing the plaintiffs' respective marks, without necessarily constituting a class action.

Conceivably, circumstances could arise where a trade mark owner might file suit against a defendant class, but such circumstances would be rare. They must meet the same requirements for a plaintiff's class action case. To establish a defendant class, the trade mark owner would have to show:

- that the class is so numerous that joinder of all members is impracticable;
- common questions of law or fact applicable to the entire class;

- that the defences of the representative parties are typical of the entire class; and
- that the representative defendants will fairly and adequately protect the interests of the class.

As a general rule, the trade mark owner must have a colourable claim against each defendant class member.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

Except for establishing that there is a real controversy for a court to adjudicate and that the court in which the suit is filed has jurisdiction to entertain the case, there are no prerequisites to filing an infringement suit. Often, however, a trade mark owner will send at least one demand letter to try to resolve the dispute without litigation. A letter puts the infringer on actual notice of the claim and can provide a basis for establishing intentional infringement if the infringer does not cease the infringement. A finding of intentional infringement can lead to the award of enhanced damages.

It is important for the owner of a federal registration to have given notice of that registration. This is typically done by using the ® symbol on public uses of the mark. A registered trade mark owner who fails to give any notice that its mark is registered will not be able to recover damages or the infringer's profits unless the infringer has actual notice of the registration.

A federal trade mark registration is required to obtain certain remedies that may not be available to a trade mark owner relying only upon its common law trade mark rights. For example, statutory damages are available only in cases involving a counterfeit of a registered mark.

7.6 Initial Pleading Standards

A complaint must contain a short, plain statement showing the basis for the court's jurisdiction; a short, plain statement of the claims that, if proven, demonstrate the right to the relief being requested; and a demand for the relief requested. A plaintiff may plead claims, or request certain relief, in the alternative. For example, based on the same set of facts, a plaintiff may request punitive damages on a state law unfair competition claim even though punitive damages are not available under a federal statutory trade mark infringement theory. Although a detailed recitation of the facts is not necessary, it is not enough for a plaintiff merely to recite the general elements of a claim.

In federal court, an initial complaint can be amended or supplemented once as a matter of course within 21 days after serving it, or 21 days after an answer or motion to dismiss, motion to strike, or motion for a more definite statement has been filed by the defendant. Thereafter, it can be amended only with the defendant's consent or the approval of the court. These rules may be modified by the applicable local rules of the district court in which the case is filed. State courts have similar but not necessarily identical rules for amending pleadings.

A defendant may file a counterclaim against the plaintiff, assuming legitimate grounds for such a claim exist. This may include a request that the plaintiff's trade mark registration be cancelled. If a defendant has a claim against the plaintiff that would be considered a compulsory counterclaim, but the defendant fails to assert it, the defendant will likely be barred from asserting the claim later in a separate lawsuit.

7.7 Lawsuit Procedure

The federal and state courts in the United States have concurrent jurisdiction over cases involving federally registered trade marks. Those decisions may be appealed to the appropriate federal and state courts of appeals depending on the geographic location of the trial court.

Federal appellate court decisions may be appealed to the US Supreme Court, while state appellate court decisions would be appealed to the relevant state's highest court. The federal district courts must follow the law as it has been interpreted by its applicable regional circuit court of appeals. Because these interpretations can vary among the circuits on certain issues, it is important for any plaintiff to consider these issues before it decides where to file suit.

Individual parties may represent themselves in federal court and are not required to be represented by a lawyer. In contrast, corporations must be represented by a lawyer, although that lawyer may be an employee of the corporation.

7.8 Effect of Trade Mark Office Decisions

The decision of the TTAB can and should have preclusive effect in subsequent court litigation between the parties when the issues adjudicated by the TTAB are materially the same as those before the court. Issues decided by the TTAB that have been afforded preclusive effect in later litigation include a party's standing to challenge a trade mark registration, rights of priority, and fraud on the USPTO. That said, a decision by the TTAB that a mark is or is not likely to cause confusion may or may not be given preclusive effect by a court.

In many cases, because the TTAB's consideration is limited to what appears on the face of applicable trade mark applications and regis-

trations, the TTAB may not have considered or addressed marketplace factors that would bear on the issue of infringement in a court action. Thus, it is arguable whether a decision on likelihood of confusion would have any preclusive effect. Nevertheless, even if a court determines it is not bound by the prior decision of the TTAB, the court may find the decision persuasive.

A court is not bound by decisions of examining attorneys in the USPTO to approve or deny registration of a mark. Indeed, the USPTO takes the position in examining marks that it is not bound by prior decisions of examining attorneys as to approval or denial of registration.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

An alleged infringer can initiate a declaratory judgment action so long as there is a real dispute for adjudication. Whether the dispute is real depends upon the circumstances of the case.

Demand and Notice Letters

The receipt of a demand letter may or may not be enough to establish declaratory judgment jurisdiction in court. For example, a letter demanding that the alleged infringer "cease and desist" all use by a certain date and indicating that a lawsuit will be filed if the alleged infringer does not comply would almost certainly permit the filing a declaratory judgment action in response. However, a letter putting the alleged infringer on notice of the trade mark owner's federal registration and the potential for conflict if the parties' respective areas of trade ever converge may not be enough.

Likelihood of Confusion

A trade mark owner cannot file suit unless there is a present likelihood of confusion; if the par-

ties' respective market areas do not overlap and customers are unlikely to encounter both marks, there is likely no real dispute yet to be resolved. Similarly, it has been held by some courts that the filing of an opposition or cancellation action before the TTAB is not enough because the TTAB only decides registration disputes and not questions of infringement. The alleged infringer must be able to demonstrate a real threat of a trade mark infringement action being filed against it.

Protections Available to a Potential Defendant

If the potential defendant can establish that it has been damaged as a result of a registration procured by fraud, then it may assert a claim for damages against the registered trade mark's owner under 15 USC Section 1120. The damage must arise from the actual registration of the mark as opposed, for example, to damages arising from the mark owner's use of the mark or mere assertion of an infringement claim.

If a trade mark owner files or maintains a frivolous claim for trade mark infringement, or engages in abusive litigation tactics, it may be subject to an award of sanctions by the court. Sanctions could include an award of attorney's fees or other monetary relief to the defendant and/or even dismissal of the plaintiff's claims.

7.10 Counterfeiting

A counterfeit mark is more than just a mark that is likely to cause confusion with another mark. In the USA, a counterfeit mark is defined as a "spurious mark which is identical with, or substantially indistinguishable from, a registered trademark".

In a civil case where trade mark counterfeiting is found, the plaintiff can elect to recover statutory damages of between USD1,000 and

USD200,000 per counterfeit mark per type of goods or services, in lieu of actual damages. The statutory damages can be increased to a maximum of USD2 million, or a plaintiff's actual damages can be increased by up to three times, if the counterfeiting is found to be wilful or intentional. An award of attorney fees is mandatory in a case where intentional trade mark counterfeiting is proven, unless there are extenuating circumstances.

In addition to civil liability by the counterfeiter, trade mark counterfeiting can also be a criminal offence, subjecting the counterfeiter to fines and/or imprisonment (see **8.9 Trade Mark Infringement as an Administrative or Criminal Offence**).

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

Trade mark litigation in the USA follows the rules of civil procedure applicable to all civil cases pending before the court. The Federal Rules of Civil Procedure apply in all federal district courts, whereas state rules of civil procedure apply in state courts. Federal courts have local rules that also apply, and, in any given case, a judge may have their own specific procedures that the parties must follow.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

To prove infringement, it is not necessary for the plaintiff to prove that the defendant has used the infringing material as a trade mark. The only question is whether the defendant's use is likely to cause confusion with the plaintiff's trade mark. However, in the case of descriptive words and phrases, the defendant may be able to prove, as an affirmative defence, that it is not using the

relevant word or phrase as a mark, but only in a descriptive, fair use to describe its goods or services.

The context of that use will be a critical factor in determining whether that use is a fair, descriptive use. For example, fair use is more likely to be found where the defendant has used the word or phrase as part of a sentence describing its product without highlighting or emphasizing the descriptive terms apart from the surrounding text. In any case, if the defendant is successful in proving fair use, it will prevail even though there may be some potential confusion.

8.3 Factors in Determining Infringement

To establish trade mark infringement, the trade mark owner must show that it owns a valid trade mark, that its trade mark rights were established prior to the defendant's alleged infringement, and that the defendant's use of its mark is likely to cause confusion. In evaluating the likelihood of confusion, courts consider various factors, including, without limitation, the similarity of the marks, the commercial strength and inherent distinctiveness of the plaintiff's mark, the similarity of the goods and services for which the competing marks are used, the trade channels through which the parties' respective goods and services are sold, the relevant class of potential buyers of the goods and services, the sophistication of those purchasers, and the existence of any evidence of actual confusion. This list is not exhaustive, and no particular factors are dispositive in every case.

8.4 Elements of Other Trade Mark Claims

In addition to trade mark infringement, the following claims may be available under the Lanham Act.

False Designation of Origin

If a defendant uses in commerce any word, term, name, symbol or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship or approval of their goods, services or commercial activities by another person.

False Advertising

If a defendant uses in commerce any word, term, name, symbol or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which in commercial advertising or promotion, misrepresents the nature, characteristics, qualities or geographic origin of their or another person's goods, services or commercial activities.

Dilution by Blurring

If plaintiff owns a famous mark that is inherently distinctive or has acquired distinctiveness and the defendant, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that creates an association with and impairs the distinctiveness of the famous mark.

Dilution by Tarnishment

If plaintiff owns a famous mark that is inherently distinctive or has acquired distinctiveness and the defendant, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that creates an association with and harms the reputation of the famous mark.

Cybersquatting

If a defendant with a bad faith intent to profit from the mark registers, traffics in or uses a domain name that is identical or confusingly similar to a mark that is distinctive at the time the domain name is registered, or that is identical, confusingly similar or dilutive of a mark that is famous at the time the domain name is registered.

8.5 Effect of Registration

A federal trade mark registration constitutes prima facie evidence in court of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate.

If the registration has become incontestable by the registrant's filing of a declaration of incontestability following five years of continuous use of the registered mark, then the registration constitutes conclusive evidence in court of the facts stated above.

Whether or not the registration has become incontestable, after a mark has been registered for five years, the grounds on which it can be cancelled are significantly limited (see **6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding**).

8.6 Defences Against Infringement

A claim for trade mark infringement is subject to a variety of potential defences. In the USA, affirmative defences refer to those defences upon which the burden is on the defendant to prove. Depending on the circumstances of the case, such affirmative defences may include prior use of the mark, that the plaintiff's mark has become generic, a fair descriptive use of the allegedly infringing term or phrase, parody,

abandonment, licence, laches, acquiescence, waiver, estoppel, First Amendment/free speech, unclean hands, and fraud on the USPTO.

The issue of the nominative fair use of the plaintiff's mark, in which the defendant has used the plaintiff's mark to refer to the plaintiff or the plaintiff's goods and services, is not treated consistently. Some courts, namely those within the Third Circuit, treat nominative fair use as an affirmative defence, while others, such as in the Ninth Circuit, apply a different test to the evaluation of likely confusion.

8.7 Obtaining Information and Evidence

Discovery is an important (and often expensive) part of trade mark litigation in the USA. In federal court, and some state courts, the parties must voluntarily disclose certain evidence at the beginning of the case. The required disclosures can vary: at a minimum, a party must typically disclose documents and potential witnesses with relevant information it may use as part of its case. Some courts require even more substantial disclosures, including evidence that may hurt a party's case.

Once initial disclosures are completed, the parties may take depositions of potential witnesses and serve document requests, written questions, requests for the admission of certain facts. The number of requests a party may serve is governed by both the rules of procedure applicable to the particular court, and may even be limited by the judge hearing the case, so this number can vary.

If a party intends to call an expert witness, such as a survey expert, linguist or damages expert, it will have to disclose the identity of that expert and their opinions during the discovery period.

The expert must typically prepare and provide a written report and may be deposed.

8.8 Role of Experts and/or Surveys

Experts are commonly used in trade mark cases in the USA on issues of damages, likelihood of confusion, acquired distinctiveness of the plaintiff's mark, and genericness. Under the rules of evidence, for expert testimony to be admitted and considered, the party submitting that testimony must show that the expert is qualified by knowledge, skill, experience, education, and/or training to offer an opinion on the matter. If qualified as an expert, the expert's testimony will be admitted if:

- the judge determines that it will help the judge or jury understand the evidence or determine a fact in issue;
- the testimony is based upon sufficient facts and the product of reliable principles and methods; and
- the expert has reasonably applied the principles and methods to the facts in issue.

Trade mark surveys, if done correctly, can be powerful evidence for either party. While not legally required, if a party with sufficient resources to conduct a likelihood of confusion survey fails to present a survey in evidence, some courts will hold this against the party. This is another example of the importance of understanding the applicable case law in the particular jurisdiction in which the case is to be filed.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement is typically a civil matter enforced by the trade mark owner in a civil action filed against the infringer. However, trade mark counterfeiting can also be a criminal offence charged by the government. In order to

establish the criminal offence of counterfeiting, the government must prove:

- that the defendant trafficked or attempted to traffic in goods or services;
- that such trafficking, or attempt to traffic, was intentional;
- that the defendant used a "counterfeit mark" on or in connection with such goods or services; and
- that the defendant knew that the mark used was counterfeit.

8.10 Costs of Litigating Infringement Actions

Pre-filing costs vary significantly depending upon the nature and amount of diligence that is undertaken to investigate the infringement, as well as whether any steps are taken to try to engage the infringer in negotiations before filing any lawsuit. A plaintiff must have a good faith basis for filing a complaint in court, so some degree of diligence will be required in order to determine the nature of the infringement and the identity of the infringer if possible. Subject to ethical considerations, an investigator may be hired to collect evidence of the infringement and/or to make a purchase of the infringing goods. Investigative costs could run from several hundred to several thousand dollars.

In some cases, the trade mark owner may elect to commission a consumer survey (likelihood of confusion, secondary meaning or generic nature) prior to filing a lawsuit. A relatively small pilot survey may cost in the USD20–50,000 range whereas a full-blown survey may cost upwards of USD50,000 to over USD150,000 depending on the nature and scope of the survey.

Once litigation is filed, from start to finish, exclusive of appeals, trade mark litigation involves the

preparation and filing of the complaint, discovery, pretrial motion practice, pretrial preparation, trial, and post-trial motion practice. The total cost varies substantially based upon the importance and value of the trade mark at issue in the case, the total monetary amount in dispute, the complexity of the issues involved, and the geographic location in which the lawsuit is filed. Where there is no settlement, obtaining a final resolution of the dispute can take several years.

According to one study published in the *Journal of Marketing*, more than 3,000 trade mark infringement cases are filed in US federal district courts each year. See Ertekin, Sorescu and Houston, “Hands off my Brand! The Financial Consequences of Protecting Brands through Trademark Infringement Lawsuits”, *Journal of Marketing*, Vol 82, Issue 5 (2018). Although the vast majority of cases are settled prior to trial, those fewer cases that do proceed to trial typically cost between USD375,000 and USD2 million.

9. Remedies

9.1 Injunctive Remedies

Temporary restraining orders, as well as preliminary and permanent injunctions barring the defendant from any future infringing uses of the trade mark are available in infringement cases as equitable remedies subject to the court’s discretion.

Before a court may grant a preliminary injunction, it must consider and balance the following factors:

- the plaintiff’s likelihood of success on the merits;

- whether the plaintiff is likely to suffer irreparable harm in the absence of a preliminary injunction;
- the balance of equities between the plaintiff and defendant; and
- the public interest.

If the plaintiff demonstrates a likelihood of success on the merits of the infringement claim, it is entitled to a rebuttable presumption that irreparable harm is likely in the absence of the injunction. A defendant may seek to rebut the presumption of irreparable harm by demonstrating that the plaintiff unreasonably delayed in seeking relief or with evidence showing why monetary damages would be a sufficient remedy. The defendant may also be able to establish that the balance of equities should be resolved in its favour because the harm that will be done by the injunction is greater than any harm that may occur if the injunction is denied.

Before a court may grant a permanent injunction, the prevailing plaintiff must show:

- that it has suffered an irreparable injury;
- that remedies available at law, such as monetary damages, are inadequate to compensate for that injury;
- that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and
- that the permanent injunction serves public interest.

The prevailing plaintiff is entitled to a rebuttable presumption of irreparable injury without a permanent injunction.

9.2 Monetary Remedies

In an infringement case, a prevailing trade mark owner is potentially entitled to recover actual

damages, an accounting of the infringer's profits, statutory damages, and enhanced damages.

Actual damages include the defendant's profits attributable to the infringement, any lost sales or other direct harm to the plaintiff, and the costs of the lawsuit. When seeking the defendant's profits, the plaintiff is not required to prove wilful infringement, though any such evidence would be relevant and make it more likely that the court awards the defendant's profits as a remedy. In calculating the defendant's profits, once the plaintiff offers evidence of the value of the defendant's sales, the burden is placed on the defendant to prove any proportion of his total profits which may not have been due to use of the infringing mark.

The Lanham Act also provides for the election of statutory damages as an alternative to actual damages in a counterfeiting case (see **7.10 Counterfeiting**).

9.3 Impoundment or Destruction of Infringing Articles

Following a judgment finding infringement, false designation of origin, or, in the case of dilution, a finding that the defendant wilfully intended to trade on the recognition of the mark or to wilfully harm the reputation of the mark, the court may order the defendant to deliver up for destruction all infringing or diluting labels, signs, prints, packages, wrappers, receptacles and advertisements, and all plates, moulds, matrices and other means of making the same.

Prior to a trial on the merits, in cases involving counterfeiting, the court may, upon *ex parte* application, order the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records

documenting the manufacture, sale or receipt of things involved in such violation.

9.4 Attorneys' Fees and Costs

Subject to principles of equity, a prevailing trade mark owner is entitled to recover its costs of the action: 15 USC Section 1117(a). Costs, however, do not include a party's attorney's fees but are limited to specific costs outlined by statute, such as the court filing fees, transcript costs and witness fees: 28 USC Section 1920.

In "exceptional cases", the court may award reasonable attorney's fees to the prevailing party: 15 USC Section 1117(a). In deciding whether any particular case is "exceptional", and, if so, how much to award, the judge has discretion. Historically, attorney's fees awards were granted only in cases of counterfeiting, wilful infringement, and/or bad faith in the conduct of the lawsuit. More recently, courts have begun to follow the standard announced by the US Supreme Court for patent cases in *Octane Fitness, LLC v ICON Health & Fitness, Inc.* They consider the totality of the circumstances to determine if the case is "one that stands out from others with respect to the substantive strength of a party's litigation position (considering both the governing law and facts of the case) or the unreasonable manner in which the case was litigated".

An award of attorney fees is mandatory in a case where intentional trade mark counterfeiting is proven unless there are extenuating circumstances.

9.5 Ex Parte Relief

Sometimes it may be necessary to seek *ex parte* relief in the form of a temporary injunction, seizure order, and/or expedited discovery. This is rare and would typically involve counterfeiting cases where providing notice to the defend-

ant would likely result in the disappearance or destruction of critical evidence or even the disappearance of the defendant itself. A plaintiff would need to make a strong showing for such relief.

9.6 Rights and Remedies for the Prevailing Defendant

Courts have the power to award attorney's fees in Lanham Act cases to prevailing defendants if the case is determined to be "exceptional". A case is not an exceptional case and attorney fees will not be awarded if the plaintiff had a seemingly meritorious claim of trade mark infringement which was not brought in bad faith, but the plaintiff nevertheless lost on summary judgment or at trial. Generally, if the plaintiff pursues a claim it should have known was without merit, attorney fees may be awarded to the prevailing defendant. Unreasonable conduct during litigation can also be a basis for an award of attorney fees to a prevailing defendant.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The owners of a federal trade mark registration on the Principal Register may record the registration with the US Customs and Border Patrol, which maintains a database of all recorded IP rights to assist in its efforts to prevent the importation of goods that infringe registered marks. Recordation is obtained via an electronic application available on the Customs and Border Patrol website. The trade mark owner must submit the registration number and digital image of the mark to be recorded.

9.8 Different Remedies for Different Types of Trade Marks

The remedies are generally the same for all types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

A trade mark case can be settled at any time if the parties choose to do so. Settlement is always within the discretion of the parties, but most judges actively encourage the parties to at least try to settle their case. Under the Federal Rules of Civil Procedure, early on in the life of the case, before any discovery can be conducted, the parties' representatives must meet and confer about a variety of topics, one of which is the possibility of settlement.

At the initial case management conference before the judge, many judges will make a point to ask whether there have been any settlement discussions and to encourage the parties to discuss settlement sooner rather than later. Some courts will set a specific date in the pre-trial scheduling order by which the parties must have met and discussed settlement.

Formal settlement conferences can be scheduled with magistrate judges or appointed pro tem judges, depending upon the court at the request of the parties. These can be held at any time during the litigation process. And, of course, the parties can voluntarily agree to participate in a private mediation in an attempt to settle their dispute.

10.2 Prevalence of ADR

Although most trade mark disputes in the USA are still handled by the federal courts, alternative dispute resolution procedures, such as arbitration and mediation, are becoming more common. Many courts now require the parties in civil cases to engage in formal settlement discussions and encourage the use of settlement judges or private mediators to assist the parties. Some maintain a panel of practitioners who

can be utilised by the parties for mediation. The American Intellectual Property Law Association and the International Trademark Association qualify and publish their own panels of arbitrators and mediators.

10.3 Other Court Proceedings

In some cases, there can be a race to the courthouse with the plaintiff filing an infringement case in one forum and the defendant filing a declaratory judgment action in another forum. This may happen because the parties would prefer to litigate in their “home” forum or because they perceive that the interpretation of an important issue in the case will be more favourable to their position in one forum versus another. In these instances, courts tend to follow the “first to file rule” unless it determines that the earlier filed action was an improper, anticipatory lawsuit. Under the first to file rule, the second court may dismiss or stay its case pending the resolution of the earlier filed suit, or it may elect to transfer the case to the other court if that court would have jurisdiction over the claims and parties.

In theory, under the doctrine of primary jurisdiction, a court might stay its case in favour of a parallel action involving the validity or registrability of a mark before the TTAB where there is need to resolve an issue that has been placed by Congress within the jurisdiction of an administrative body. In most cases, however, the opposite holds true, and the TTAB will stay its action pending resolution of a court case that involves any issue that would be dispositive in the TTAB action.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Trade mark cases may be appealed to the federal appellate circuit court for the jurisdiction of the trial court. A preliminary injunction ruling may be appealed immediately. Any other issue before the court generally may not be appealed until there is a final ruling. Appeals in the federal courts are governed by the Federal Rules of Appellate Procedure, and the applicable rules of the relevant Circuit Court of Appeals. With some exceptions, an appeal generally must be filed within 30 days of the entry of the final judgment.

The time period for resolving an appeal depends on the complexity of the issues and the appellate court’s docket. It is not unusual for the appeals process to take one to two years before an appellate decision is rendered.

11.2 Special Provisions for the Appellate Procedure

There are no special appellate rules specific to trade mark cases.

11.3 Scope of the Appellate Review

Both legal and factual issues may be raised on appeal in a trade mark case. Factual findings are reviewed under the “clear error” standard. Legal conclusions are reviewed de novo, without any deference to the trial court’s legal rulings.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

Certain trade marks can also be subject to protection under other forms of intellectual property, such as copyright, rights of publicity, design pat-

ent and trade dress protection. Copyright can be used to protect logos if they incorporate a sufficient degree of creative expression. Likewise, copyright may protect works such as jingles, collegiate fight songs and commercial advertising that also serve as trade marks to designate a single source of a product or services.

12.2 Industrial Design

Design patents intersect with trade mark law in the area of product designs. In some cases, an ornamental product design may qualify for both design patent and trade dress protection. Where an ornamental design protected by a design patent has been advertised and marketed in such a way that it also designates a single source of the product, that design may qualify for both design patent and trade dress protection.

Design patent applications have a much higher rate of allowance than utility patents and it is usually difficult to challenge the validity of a design patent in court. No federal registration is required for trade dress enforcement, but the owner of a registration would be entitled to a presumption of validity that shifts the burden to an infringer to show evidence sufficient to rebut the presumption of validity.

12.3 Rights of Publicity and Personality

Rights of publicity are governed by state law and protect an individual's name, likeness and persona from unauthorised commercial use. To the extent a person's name or image serves as a trade mark for a product or service, it may be protected under both trade mark and rights of publicity law. To establish a violation of the right of publicity, no finding of likely confusion is required.

12.4 Unfair Competition

Under state law, claims for common law unfair competition and statutory claims for unfair or deceptive trade practices often overlap with claims for trade mark infringement. Often these claims will be asserted, where possible, in addition to infringement claims under the Lanham Act. However, each state's law varies so the applicability of a particular state law claim will depend upon the specific facts and circumstances of the case.

13. Additional Considerations

13.1 Emerging Issues

Free Speech

The interplay between the protection and registration of trade marks and the free speech clause of the First Amendment of the US Constitution has become a recurring issue in recent years. The US Supreme Court has struck down two related provisions of the Lanham Act prohibiting the registration of disparaging and immoral or scandalous marks on grounds that they violate the First Amendment.

Cases involving the free speech rights in expressive works and products also appear to be increasing. For example, the Ninth Circuit Court of Appeals recently held that a dog squeak toy sold under the name Bad Spaniels and designed to look like a Jack Daniel's whiskey bottle was protected under the First Amendment against trade mark infringement and dilution claims. The case is now pending before the US Supreme Court.

Metaverse Applications

The USPTO has seen a substantial increase in applications to register marks for goods and services related to the metaverse, including goods

and services associated with non-fungible tokens (NFTs). The USPTO is training its examiners on issues concerning these applications, including appropriate identification of goods and services and the requirements for specimens of use of the mark. Most applications are being filed in International Classes 9 and 41. It is unclear at this early point in time the extent to which the registration of a mark for real-world goods and services will be cited as a bar to the registration of a similar mark as applied to similar goods and services offered in the metaverse.

13.2 Trade Marks and the Internet

Other than actions for cybersquatting, there are currently no special rules or situations concerning trade marks and the internet in the USA. The USPTO, as of early 2021, published questions for public response concerning the issues of contributory and vicarious liability for trade mark infringement in e-commerce in connection with its study relating to the effectiveness and sufficiency of these doctrines and whether to pursue changes in the application of secondary infringement standards to e-commerce platforms. The prospects for legislation in this area remain unclear.

13.3 Trade Marks and Business

There are no other special rules or norms in the USA regarding trade marks as used in business.

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Bacal & Garrison Law Group focuses on intellectual property, including litigation, administration, trade marks, copyrights, trade secrets, licensing, internet, domain names, non-competes, rights of publicity, and appellate advocacy. Its partners have brought their years of

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

The protection given to trade marks is based on the provisions of the Venezuelan Constitution, the 1955 Industrial Property Law, the provisions of the Paris Convention and TRIPS Agreement, both of which apply directly and preferably over existing local law (Office Notice dated 1 October 2020).

1.2 Types of Trade Marks

Venezuela's current legislation allows trade mark rights over word marks, device marks, drawings, word combinations, advertising slogans (provided that applicant states to which trade mark the slogan is to be used in connection with), geographical indications, collective trade marks and product packaging when the object of the application does not fall into absolute and relative grounds for refusal.

Personal and surnames are allowed into the register if the applicant includes an authorisation to apply for the trade mark executed by an individual with civil rights to the personal and/or surname, and a graphical representation.

Article 27 of the Industrial Property Law does establish that "any sign that is novel" can be subject to registration, which, initially, provides a basis for the recognition of non-traditional trade marks. However, absolute grounds for refusal include colour marks and shape marks, for example.

Since the Official Decision to consider direct applicability of the TRIPS agreement, the examination has become more prone to accepting non-traditional trade marks.

The Venezuelan Patent and Trade Mark Office (VPTO) has issued new regulations for accepting and prosecuting denomination of origin and geographical indications which have reactivated the granting, recognition and enforcement of their rights.

1.3 Statutory Marks

The Industrial Property Law establishes the prohibition for registering trade marks or any sign owned by international organisations such as the Red Cross, the International Olympic Committee or other similar entities, by any third party not related or authorised by such organisations.

1.4 Well-Known Foreign Marks

As part of the Paris Convention and the TRIPS Agreement, Venezuela recognises well-known foreign marks which are not recognised in the 1955 Industrial Property Law. Furthermore, case law from 2022 confirms this position and agrees to consider the same evidentiary standards as recognised by the Andean Community Court of Justice for establishing well-known status. In addition, the Law establishes the "better right" basis for arguing opposition and nullity actions.

1.5 Term of Protection

The term of protection for trade marks is 15 years from granting or renewal date. Renewal shall be submitted within six months and while a grace period is not established in the 1955 IP Law, it is admissible through the Paris Convention.

1.6 Exhaustion of Trade Mark Rights

Legislation in Venezuela does not include statutory provisions that establish and regulate the exhaustion of rights.

1.7 Symbols to Denote Trade Marks

The trade mark owner can use a symbol that denotes registration such as ®, MR or *Marca*

Registrada, among others. The statutory provision does establish a monetary fine when the owner uses the registered symbol and the trade mark is not registered, however, the value of the fine is meaningless. An unfair competition action can be initiated against the trade mark owner who raises claims against third parties on the basis of non-existent rights; this can include criminal prosecution.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

The VPTO should examine and publish the recordal of a transfer in the official Bulletin in order for the change of ownership be considered as complete. Venezuela has a long-standing backlog in processing transfer recordals which exceed eight years from the filing date.

The transfer includes all similar or identical trade marks owned by the assignor unless the deed of assignment has an express provision that exclude those rights.

2.2 Licensing Requirements or Restrictions

A trade mark may be subject to a licence only after it has been registered, according to reiterative practice before the VPTO. The deed has to be celebrated in writing before a notary public and receive an apostille or consular legalisation. The licence must establish a value exchange of consideration between the licensor and licensee.

The VPTO should examine and grant the recordal of the licence. Venezuela has a long-standing backlog in processing licence recordals which exceed eight years from the filing date.

Exclusive, non-exclusive and sole licences are acceptable contracts.

2.3 Registration or Recording of the Assignment

An assignment has to be recorded before the VPTO in order to be validly opposable by third parties, however, in practice the existing backlog and the long gap between the filing of the application and the actual recordal has led some to interpret that the transfer of ownership has been accepted once formally filed for recordal, because the lack of diligence from the VPTO cannot be placed as a burden against the interested parties. However, Article 4 of the Industrial Property Law is quite clear when stating that the change is only in effect after the recordal is granted.

A sworn translation by a locally appointed translator is mandatory if documents are in a foreign language.

2.4 Other Requirements for Licences or Assignments to be Valid

If the assignor wants to transfer part of a group of identical or very similar trade marks but is to retrieve ownership of another part of the group, then there must be an express and unequivocal provision in the agreement, otherwise, the assignee can request the VPTO to have the remaining group of identical or very similar trade marks be transferred in its name by means of an implied assignment.

2.5 Assigning or Licensing Applications

In Venezuela, it is possible to assign an application for a trade mark. The formalities are the same as those for registered trade marks. Licences are not granted for trade mark applications.

2.6 Trade Marks as Security

A trade mark registration may be subject to rights in rem or assigned as a security, provided that the valid documentation that constitutes the guarantee be notarised and certified by apostille or consular legalisation, as the case may be, has been filed for recordal before the VPTO. The examiners shall review and grant the recordal.

A trade mark registration that has been subject to rights in rem cannot be assigned to a third party without the proper and formal consent of the beneficiary of the guarantee while it persists.

3. Registration

3.1 Trade Mark Registration

Trade mark rights are acquired by means of registration. The “better right” figure established in Venezuela law allows senior users of a “mark” to oppose a third party’s identical application for the same goods/products but use in itself does not generate trade mark rights.

Commercial slogans are those applied to a particular product or service trade mark or commercial establishment.

3.2 Trade Mark Register

The Trade Mark Register is an organisational unit of Venezuela’s *Servicio Autónomo de la Propiedad Intelectual* (SAPI) which also incorporates the Copyrights Office and the Patents and Designs department. There is a unitary trade marks register which also organises registered trade names but excludes company names from the commercial registries, considered separate entities that keep their very own records.

The trade mark prosecution process requires applicants to show evidence that official search

reports have been arranged for the trade mark that will be the subject of a registration, otherwise the application will not be received nor given an official filing date. This means that it is mandatory to order a search report to initiate prosecution.

For the purpose of determining freedom to use and availability for registration, applicants can perform searches in the Register at any given time. A clearance investigation might be incomplete if it does not include insight over registered trade names, company names registry and an in-use verification.

In Venezuela, senior users can oppose a published application claiming and evidencing a better right over the trade mark on the basis of prior and continuous local use. A civil court can rule against the applicant and in favour of the senior user.

3.3 Term of Registration

According to the Venezuela law, the term of registration is 15 years, counting from the registration date. Renewal must be filed in the six months prior to the end of the term of registration and no grace period is established. However, a trade mark owner can renew the registration after the term has lapsed according to Paris Convention provisions.

3.4 Updating or Refreshing Registrations

Trade marks can be updated or refreshed at any time. It depends on the needs of the trade mark owner. In such case, a new trade mark application must be submitted for registration. Trade mark owners can have as many versions of their trade mark as they like, as long as does it not infringe any right, for both use and to defence purposes. This has not been interpreted as an

unrightful evergreening activity to avoid non-use cancellation.

4. Applying for a Trade Mark Registration

4.1 Application Requirements Registration Requirements

When registering a trade mark, it is necessary that the power of attorney is executed by the applicant(s) before a notary public and with an apostille or consular legalisation. Case law emanating from the Supreme Court of Justice during the last quarter of 2022 confirms that representation over any administrative agency can be evidenced by a simple authorisation letter, this excluding representation for oppositions, appeals and litigation. At the time of filing, official search reports must be provided, covering all features of the trade mark: word and graphical search reports if applicable.

Drawings and specimens of the mark have to be submitted as well and have to match those used as specimens in the corresponding compulsive search reports. A graphical features claim chapter has to be drafted and included in the application, where colours should be duly claimed. VPTO is no longer accepting “all colours” claims.

For personal and/or surname trade marks being prosecuted by a company, the applicant has to submit a notarised and apostilled authorisation from the individual who has the civil right to use the personal and/or surname.

Substantive Requirements

Substantive requirements include:

- novelty where the sign cannot be identical or similar to previously registered trade marks;

- distinctive character provided it can distinguish products and services as source indicators; and
- should not be contrary to public order, morality and without resulting in misleading consumers about the geographical origin and quality of the products and services intended to be distinguished.

Applicants

Applicants can be individuals as sole owners and in co-ownership. Legal entities and trade bodies can be applicants and further on registrants. Sworn translation by a locally appointed translator is mandatory if documents are expressed in a foreign language.

Multi-class Applications

Venezuela does not allow multi-class applications.

4.2 Use in Commerce Prior to Registration

The Venezuela legal system does not require that an applicant must use a mark in commerce before the registration is issued; however, regulatory agencies require proof that the mark has at least been filed for registration.

4.3 Series Mark Registrations

Legislation does not accept series trade marks. Only one trade mark can be the object of an application.

Each variation of a trade mark has to be registered via a separate and independent application. When assessing whether a set of separate series trade marks subject to registration has complied with use requirements, it is usually acceptable that minor differences in use will cover the requirement of other very similar reg-

istrations unless differences are notable, such as colours.

4.4 Consideration of Prior Rights in Registration

The VPTO considers the existence of prior rights in its examination of an application for registration, specifically senior trade mark applications and/or registrations. Letters of consent are not binding and instead only persuasive for examiners, whilst participating in an assignment/assignment-back procedure to permit registration of another trade mark owner's subsequent registration is a risky procedure and the deed of assignment must be carefully written and reviewed.

4.5 Consideration of Third-Party Rights in Registration

Third parties have the right to participate during a registration procedure by filing opposition proceedings within 30 days from the publication of the application in the Official Bulletin or by challenging registration through invalidation actions.

4.6 Revocation, Change, Amendment or Correction of an Application

Applicants may, at any time during the process, change, amend or correct the application in order to reduce the scope of the list of goods or to clarify any aspect of the application, or it can be withdrawn. The sign itself cannot be altered.

4.7 Dividing a Trade Mark Application

In general, it is not possible to divide a trade mark; this can only be achieved as a consequence of the reclassification process ordered by the VPTO when reinstating the local classification. Now, however, the VPTO has reinstated the Nice Classification, thus reclassification shall not be applied.

4.8 Incorrect Information in an Application

Information details stated in the prosecution and submitted in error knowing of the inconsistency can be the basis for invalidation if the inclusion of the correct information otherwise would place the trade mark as unregistrable.

4.9 Refusal of Registration

The most common absolute grounds raised by the VPTO to refuse an application are genericness, descriptiveness, lack of distinctive character, failure to include an adequate translation of the terms that conform the trade mark, shapes of products that otherwise could include functional elements, misleading character which can include bad faith, which has not, at the date of writing in February 2023, been formally recognised in Venezuela legislation.

Unfortunately, secondary meaning and acquired distinctiveness are yet to be considered acceptable means for defence because these are not included in national law but regulated in international treaties.

Non-traditional trade marks are not contemplated by the law and, therefore, examiners tend to raise the inability of the object to be graphically represented or defined as a common basis for refusal. There is no graphical representation guideline in place to claim non-traditional trade marks for the purpose of prosecution.

It is only recently that applicants have shifted their preference from appeals before the courts to challenging absolute and relative grounds for refusals, resulting in a more favourable and timelier outcome.

4.10 Remedies Against the Trade Mark Office

An appeal can be lodged and initiated provided it has been filed in due time and if the appellant has complied with formal requirements. Currently, the appeal options will depend on the court or organisation that will decide the incidence.

The parties can either file an administrative appeal before the VPTO, within 15 days, to request a reconsideration, by the same authority, of the decision issued. The appellant can choose to continue the appeal process through the administrative agency track, and then a final instance before the Supreme Tribunal of Justice. Conversely, the appellant can choose to change the appeal track towards the courts, provided that the appeal is announced and formalised in due time.

The second choice would be to file the appeal, within 180 days, against the first and originating VPTO decision, directly before a National Administrative Matters court. This judicial appeal will be decided by a court consisting of three justices. A second-degree appeal is available, this time before the Supreme Tribunal of Justice in the corresponding chamber.

Local qualified counsel should be able to define strategies. Currently, the judicial appeal track results in a more efficient course of action.

4.11 The Madrid System

Venezuela is not a signatory of the Madrid system, therefore, applications must be submitted directly to the VPTO through a local industrial property agent.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

The opponent must file opposition within 30 days from publication of the conflicting application in the Official Bulletin. Although no extension is available, the opponent can announce their opposition and submit complementary briefs in order to amplify the arguments and submit further evidence. In theory, the opponent would have a 30-day period in which to submit such complementary brief but since the VPTO has an extensive backlog of oppositions, parties are entitled to submit a brief any time before the decision is rendered. It is up to each party to verify whether there are any new arguments of evidence that need to be reviewed and counter-claimed if needed.

5.2 Legal Grounds for Filing an Opposition

The legal grounds for filing an opposition to a trade mark application would be that the trade mark application falls within the prohibitions detailed by law, that includes, better rights, bad faith and well-known status.

5.3 Ability to File an Opposition

Any legitimate party interested in opposing may file an opposition. If the opposition is based on a prior right, the opponent must be the owner or authorised party. If the opposition is based on absolute ground, then any interested party may oppose. The opponent can act in its own name or be assisted/represented by an industrial property agent. Further, the statutory regulation establishes that representation before the VPTO should be made by a qualified agent.

Foreign opponents must be represented by an authorised agent who has to submit a power of attorney in hard copy (notarised and apostilled,

or with consular legalisation). Recent Supreme Court decisions confirm that a simple authorisation letter is considered enough to allow for simple prosecution excluding oppositions, appeals and litigation.

5.4 Opposition Procedure

The procedure starts when the conflicting trade mark application is published in the Official Bulletin, following which the interested party has a 30-day period to file the opposition. Once the opposition is lodged the VPTO will notify the applicant of the existing opposition by means of a notice published in the Official Gazette. The applicant will then need to file a response to the opposition during the 30 days that follow the notification; failure to do so in a timely manner will be considered as an implied abandonment of the application.

Depending on the kind of opposition (before the VPTO or before a court in the case of a better rights trial), the VPTO will keep the file or send the records to a civil court to continue to evidence stage.

When an opposition is substantiated before the VPTO as a governmental agency, the parties can include evidence as late filings, because the statutory regulation does not place a limit except after a decision has been rendered. Typical evidence is of documentary nature and has to be filed, with a sworn translation by a locally appointed translator, if expressed in foreign language.

There is no organised discovery stage. Parties should file their evidence and have the right and opportunity to challenge and argument against others. Further, current legislation does not include oral hearings on opposition procedures.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

Against a VPTO decision, an interested party may follow the administrative track by filing a reconsideration petition before the same authority or filing an appeal before the National Administrative Court, which may render a faster decision than the VPTO.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

The nullity of a registration may be requested before the competent courts, within two years from the granting date when the basis is relative grounds, and provided no opposition was filed during the original prosecution. No deadline will be set to claim the invalidation or nullity of trade mark registrations that were prosecuted stating in bad faith incorrect information or when the examiner failed to raise an absolute grounds for refusal that indeed was applicable.

Cancellation of a trade mark can be requested after an uninterrupted period of non-use of three years.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

The legal grounds for the nullity/revocation of a trade mark are where it was granted in prejudice to the rights of a third party, or in contravention of any absolute prohibition to registration.

The grounds for cancellation would be the non-use by its owner for three consecutive years.

6.3 Ability to File a Revocation/Cancellation Proceeding

The request for revocation/nullity may be filed by the owner of a prior trade mark or, in case of absolute prohibition grounds, by any third parties. The trade mark office is also entitled to revoke its own decision, thus may be entitled to annul a trade mark registration granted by mistake.

Cancellation actions may be filed by a third party that has been subject to opposition.

6.4 Revocation/Cancellation Procedure

Revocation actions can be brought before the trade mark office and/or before the civil courts. Cancellation actions are to be brought before the trade mark office but can continue in courts if the VPTO does not render a timely decision or because the interested party chose to change appeal tracks.

The party that is successful in having a registration revoked or cancelled is not entitled to a preferential priority over the object of the expunged registration. This means that if another third party is entitled to an earlier priority due to a pending application or an appeal then this applicant could end up receiving a notice of allowance instead of the party being responsible for cancelling the registration in first place.

A thorough trade mark search is advisable to determine whether there are any other third parties in priority with a better position before initiating cancellation or revocation proceedings.

6.5 Partial Revocation/Cancellation

Venezuela's current legislation does not establish the possibility for partial invalidations or cancellations.

6.6 Amendment in Revocation/Cancellation Proceedings

Amendments can be made any time before the challenged party is notified or validly receives summons. After notification, the amendment can only be proposed once before the other party has filed the corresponding contradictory argumentation.

6.7 Combining Revocation/Cancellation and Infringement

Invalidation and cancellation actions cannot be proposed into a single action to be heard jointly; however, the courts may accumulate the actions. Cancellation actions tend to be decided prior to revocation petitions.

6.8 Measures to Address Fraudulent Marks

No information is available in this jurisdiction.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

There is no specific provision as to when to file an infringement lawsuit; however, according to the Venezuelan Civil Code, the timeframe is 20 years.

7.2 Legal Grounds for Filing Infringement Lawsuits

Infringement actions can only claim rights associated to registered trade marks. Civil and criminal actions can be brought against infringers and other related individuals or entities. Criminal actions are initiated by filing a formal complaint before the public prosecutor's office. Trade mark owners and licensees can bring claims for dilution.

7.3 Parties to an Action for Infringement

Licensees and distributors as third parties that differ from the trade mark owner are entitled to initiate infringement proceedings against an alleged infringer, provided that the capacity is set contractually and that the agreements have been duly recorded before the VPTO. Current legislation does not mention any regulation.

Currently, there is no possibility to initiate infringement actions before the trade mark has been registered. There is no preliminary protection for the applicant still under prosecution, seeking to notify the alleged infringer and fixing damages generated during the time the application was still under review.

7.4 Representative or Collective Actions

Venezuela legislation does not permit collective actions associated with trade mark proceedings.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There are no prerequisites to filing an infringement lawsuit, however, in some cases, a formal demand letter including a preliminary notification or warning through a lower court can be helpful when the nature of the infringement allows for time and an opportunity for the infringer to willingly agree to cease the activity.

7.6 Initial Pleading Standards

An initial pleading includes:

- the complete identification of the trade mark owner;
- the rights that are being infringed, which should also include at least a simple copy of the certificate of registration in force;
- a description of the alleged infringer including presumed domicile or place of business;

- a precise description of the factual infringement; and
- the inclusion of essential supporting evidence including power of attorney or the announcement of evidence that will be included on the record in the appropriate stage.

Parties can include non-promoted evidence before the final pleadings provided they were only made available after the closing of evidentiary stage. The defendant can file a counterclaim.

7.7 Lawsuit Procedure

The courts with jurisdiction to hear trade mark matters are as follows:

- at first instance, Civil and Commercial or Criminal courts;
- at second instance, Superior Civil and Commercial or Criminal Courts; and
- the Supreme Tribunal of Justice will issue in certiorari in cassation in the corresponding civil or criminal chambers.

7.8 Effect of Trade Mark Office Decisions

Currently the VPTO will not render decisions over infringement actions but will provide the court that has the proceedings with reports and information details that may be required for the fact gathering evidence to support the action.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

A potential defendant usually files for the requirement of a bond to be posted, the revocation of injunctive relief, and can file a counterclaim in the same action. Furthermore, it can initiate invalidation or cancellation challenges against the trade mark owner before the VPTO, however, this will not suspend the infringement action.

7.10 Counterfeiting

Counterfeiting is a crime according to the Venezuela Penal Code. Criminal actions are initiated by filing a formal complaint before the public prosecutor's office. An investigation shall be initiated jointly with a specialised police unit and in collaboration with the trade mark owner. Counterfeiting is punishable by imprisonment from one to 12 months, in addition to the destruction of the goods, if the removal of the sign is not feasible. Reparatory agreements may be reached with the infringer.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

Venezuela legal framework does not establish special procedural provisions for trade mark proceedings.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is not mandatory to elaborate or to establish argumentation with regards to the extent or nature of the infringer's use, however, it is strongly recommended to argue and prove that the accused illegal use is in fact in the nature of a trade mark and with commercial use.

8.3 Factors in Determining Infringement

Among various factors that arise in trade mark infringement litigation, the most important should be likelihood of confusion generated by the alleged infringer's use, damaging the scope of protection given to the trade mark owner through its valid and standing trade mark rights.

Other factors include the degree of distinctiveness of the trade mark in contrast to the alleged infringer's actual use. A strong and very dis-

tinctive trade mark will likely be considered as infringed provided other factors are present, such as the nature and similarity of goods or services, the actual marketplace on which the products or services are offered and the nature of the consumer. A relationship with the trade mark and the elements that drive repeat acquisitions and interchangeability can be fundamental in declaration of infringement.

8.4 Elements of Other Trade Mark Claims

This is not applicable in Venezuela.

8.5 Effect of Registration

Having a trade mark registration is the key factor in the litigation, since it is not possible to initiate an infringement action if no exclusive rights have been granted.

8.6 Defences Against Infringement

Defences such as fair use, allegations of invalidity including initiation of invalidation proceedings and cancellation actions are very common, however, the announcement of invalidation or cancellation actions will normally not suspend the main proceedings.

It is also standard to contest the actual scope of the rights cited as being infringed in contrast to the accused rights. Bad faith or rights abuse are available allegations including those to challenge the interim injunctive relief requested by the party initiating the action.

Venezuelan legislation does not provide for defences or exceptions such as equitable estoppel and parody.

8.7 Obtaining Information and Evidence

Any party can request the exhibition or disclosure of documentation to the counterpart or a third party for the purposes of being included

on the record provided there is no other means available for the promoting party to gain access to that specific piece of evidence.

8.8 Role of Experts and/or Surveys

Any party can promote experts and surveys as evidence in the trial. Experts will prepare, upon request of the promoting party, a report and declare over matters of fact and law associated to their specific expertise and degree of knowledge. Surveys can be promoted and organised in support to fix the extent of arguments and facts. This kind of evidence is usually promoted to support arguments such as vulgarisation or loss of distinctive character and likelihood of confusion, among other aspects of interest.

The judge has the faculty to summon experts and promote the organisation of surveys provided that substantial arguments are dictated as part of the basis to include this evidence in support to help the court understand and reach clarification of the case.

The level of evidentiary value that is normally given to experts and surveys is of medium persuasive impact towards the decision.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

In Venezuela, a trade mark infringement does not constitute an administrative offence.

In turn enforcement by means of criminal actions is in place and is a very usual course of action that is initiated with a formal accusation before the public prosecutor who will initiate investigations jointly with a specialised police unit and in collaboration with the trade mark owner.

8.10 Costs of Litigating Infringement Actions

Costs associated with an infringement action including those in connection to interim injunctions range from USD5,000 up to USD28,000. This greatly varies depending on the nature and intricacies of each case.

9. Remedies

9.1 Injunctive Remedies

Current industrial property law does not provide for adequate preliminary injunctions. As a resource, some litigants have obtained preliminary injunction through an interpretation of the provisions in current copyright law, which does provide an adequate system. However, and unfortunately, courts have started changing their interpretation and ceased to proceed in this manner to issue injunctive relief on the basis of the copyright legal framework.

Interim injunctions can be requested during the infringement proceedings if likelihood of success and the threat of irreparable damages is duly proven.

9.2 Monetary Remedies

Trade mark owners may be entitled to remedies such as a monetary award over damages and loss of profits with inflation indexation, recovery of attorneys' fees and expenses when the trial has been entirely declared in its favour, interim injunctions including the destruction of infringing products and resources used in the manufacturing.

9.3 Impoundment or Destruction of Infringing Articles

The destruction of infringing products is permitted.

9.4 Attorneys' Fees and Costs

In principle, each party is responsible for its own costs; however, at the end of the procedure, the losing party can be required to reimburse the prevailing party for attorneys' fees.

9.5 Ex Parte Relief

A trade mark owner may seek relief without prior notice to the defendant through the interpretation of the provisions in current copyright law, which does provide an adequate system.

9.6 Rights and Remedies for the Prevailing Defendant

The defendant can be entitled to attorney fees and court costs, damages and profit loss resulting from the plaintiff's action with inflation indexation, reinstatement of goods under injunctive relief, among others.

9.7 Customs Seizures of Counterfeits or Criminal Imports

Venezuela's legal system does not provide for customs seizures of parallel imports and the action that involves potential seizures of counterfeits is currently regulated by the anti-smuggling law and the scope of action of these border measures is limited.

There is no formal trade mark registration system before customs, but authorities do collaborate with trade mark owners on the basis of educational efforts directed to the authorities.

9.8 Different Remedies for Different Types of Trade Marks

Remedies do not differ for different kinds of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

The parties can settle the case at any time, provided that negotiable rights that do not violate public order and interest are involved in the settlement and that a judicial final decision has not been issued. After the parties draft the scope of the settlement, the court will review, homologate, and close the proceedings.

10.2 Prevalence of ADR

Currently, ADR is not a common way to settle trade mark cases. Parties may reach agreements in order to settle conflicts; however, in some cases, such agreements must be ratified by the VPTO.

10.3 Other Court Proceedings

Parallel court proceedings, for example, an invalidation action, can be of influence in the resulting decision corresponding to the infringement proceeding. Normally, judges will not suspend the main proceedings until the parallel action is decided unless the parallel action was tried and notified first.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

Judicial appeals can take approximately 24 to 36 months for a decision. Administrative appeals before the VPTO can take as long as eight to ten years to be decided.

11.2 Special Provisions for the Appellate Procedure

There are no special provisions for appellate procedures involving trade mark cases.

11.3 Scope of the Appellate Review

Each appeal instance can fully review the legal aspects and facts of the case but the scope of the appeal will normally be limited to the appellant's argument. During an appeal, the court may order a complete or partial reposition.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A device mark can be protected under copyright laws as a graphic work of art.

12.2 Industrial Design

A trade mark can be protected by industrial design title or in the form of an industrial design, provided it is applied as an ornament to be fixed over a product, for example, an ornamental design applied over a bi-dimensional fabric. Also, substantive requirements such as absolute novelty prior to filing date should be met.

12.3 Rights of Publicity and Personality

The Venezuelan Industrial Property law provides that cartoons, portraits, drawings or expressions that tend to ridicule ideas, people or objects worthy of respect and consideration, will not be accepted as trade marks.

12.4 Unfair Competition

Unfair practices are forbidden in Venezuela, including misleading advertising, product simulation or imitation, commercial bribery and violation of norms, in general.

13. Additional Considerations

13.1 Emerging Issues

The express, preferable and direct applicability of the TRIPS Agreement is an emerging issue in IP practice in Venezuela, even though the country has been part of the treaty since 1994. This recognition brings opportunity to the allowance of non-traditional trade marks, the direct application of the Paris Convention and the obligation to adopt further anti-counterfeit measures.

13.2 Trade Marks and the Internet

Internet providers are obligated to review any infringement for compliance and, if necessary, shut down web pages infringing IP rights.

13.3 Trade Marks and Business

Although Venezuela's Industrial Property Law does not obligate a company to have its manufactured products identified with registered trade marks, the jurisdiction has special rules and norms that establish a copy of the registration certificate in order to be allowed by customs into commerce.

Pi360 Legal was founded in 2020 in Caracas by absorbing the IP team of Citemark International IP; the food, cosmetics, pharmaceutical law regulatory practice of PMA & Asociados; and the inclusion of other practitioners from top-tier IP firms as well. The firm is composed of five partners, three associates, two advisors in science and pharmaceuticals and a supporting staff of five paralegals. The firm assists rights owners beyond classical prosecution by including consulting, securing intangible asset portfo-

lios and implementation of innovative strategies and mechanisms for the protection and enforcement in compliance with legal regulations. The trade marks team is formed of bilingual experts with experience attending and representing before the Venezuelan Patent and Trade Marks Office, as well as the courts, individuals, small ventures and large multinational corporations doing business in various sectors. There is an emphasis on the pharmaceutical and life sciences industries.

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