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CANADA/Québec: A Little More Certainty on the Use of English Language Trade-Marks in Commercial Signage

A well anticipated decision by the Superior Court of Québec on the issue of trade-marks and the French language was issued on April 9, 2014. This decision sheds some light on the right to use non French trade-marks in public signage and commercial advertising.

The province of Québec is the only territory in North America where French is the language of the majority. Surrounded on all sides by English speakers, there is a demographic pressure in favour of the use of English as the common language in commerce and advertising, which has had the effect of slowly assimilating the traditional centre of French culture in North America. In light of this situation, in 1977, the Quebec National Assembly adopted the Charter of the French Language (the “Charter”), which, amongst other things, provided that public signs and commercial advertising be in French. Those provisions of the Charter were contested as being a limitation to free speech and, some ten years later, the Supreme Court of Canada determined that it was legitimate for the Québec government to adopt measures aimed at preserving the French language but that imposing the exclusive use of French was disproportionate to those objectives. As such, entirely banning the use of English (or any other language) was deemed unconstitutional. The National Assembly therefore had to provide more flexibility to the Charter.

In this context, in 1993, section 58 of the Charter was amended to read as follows:

58. Public signs and posters and commercial advertising must be in French.

They may also be both in French and in another language provided that French is markedly predominant.

However, the Government may determine, by regulation, the places, cases, conditions or circumstances where public signs and posters and commercial advertising must be in only French, where French need not be predominant or where such signs, posters and advertising may only be in another language.

That same year, under the authority of section 58, the Government adopted the Regulation respecting the language of commerce and business (the “Regulation”), subsection 25(4) of which reads as follows:

On public signs and posters and in commercial advertising, the following may appear exclusively in a language other than French:

(...) (4) a recognized trade mark within the meaning of the Trade Marks Act (R.S.C. 1985, c. T-13), unless a French version has been registered.

The Regulation therefore provides an exception for the use of non-French trade-marks “within the meaning” of the Federal Trade-marks Act. This left ambiguity as to whether non registered trade-marks (which are recognised under Canadian law) were included in the exception, but the situation was fairly clear for registered trade-marks.

It then became customary for businesses with non-French names (including most foreign companies and many chain stores operating in the province) to only register their non-French trade-marks, thereby avoiding any penal consequence for non-compliance to the Charter. This relative peace prevailed for 18 years.

In about 2011, the Office québécois de la langue française (the regulatory agency that has the mandate of enforcing the Charter, the “Office”) changed its approach and took the position that trade-marks used on storefronts were not being used as trade-marks but rather as business names and thereby not within the exception of section 25 of the Regulation. As such, the Office began issuing notices to businesses which storefronts displayed only in English language trade-marks and requested that these trade-marks (or rather business names as per the Office’s interpretation) be accompanied by French generic terms in order to comply with the Charter. As such, for example, Future Shop would need to become “Les magasins d’électroniques Future Shop” and Starbucks “Les Cafés Starbucks”.

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In 2012, major international brand owners or their Canadian subsidiaries (namely Best-Buy, Costco, Gap, Old Navy, Guess?, Walt-Mart, Toys-R-Us and Curves) initiated a motion for declaratory judgment against the provincial government seeking, amongst other things, a declaration that their use of registered English language trade-marks on their storefronts did not contravene the Charter.

The Superior Court finally ruled that the Office’s new interpretation of the exception at subsection 25(4) of the Charter, which was inconsistent with the interpretation held for 18 years, was not justified and granted the motion for declaratory judgment. In its reasons, the Court notably considered the following:

1. Trade-marks and business names are two distinct legal concepts. Trade-marks can be used on storefronts and serve as a source indicator to the consumers of the wares and services offered without being a reference to the legal entity that operates the business (and in many of the cases at hand, the store operators were licensees such that the trade-mark clearly could not refer to the legal entities actually running the stores); and

2. Trade-marks are part of a globalised world and the recognition of trade-mark rights is provided in numerous international treaties of which Canada is a signatory. The Court noted that, in this international framework, if the Montreal based entertainment company Le Cirque du Soleil could use its French only trade-mark all over the world, so could the plaintiffs use their English only trade-marks in Québec.

Unless this matter is appealed, this judgment resolves some of the uncertainty revolving around the Charter. Unfortunately, the Court did not rule on the issue of whether a non French unregistered trade-mark could be used. However, as mentioned above, unregistered trade-marks are recognised under the Canadian Trade-marks Act (for example, the Trade-marks Act specifically provides for an action in passing-off for unregistered trade-marks) and it is therefore arguable (and the argument proved to be successful in the past without always prevailing however) that a non French unregistered trade-mark can be used in Québec... provided that the use is actually a trade-mark use and not use as a business name (a fact to be determined on a case by case basis).

Moral of this story: Any foreign or Canadian company wishing to use its English only trade-mark in Québec should quickly file to register same in Canada. As the full registration process takes approximately 12-16 months, the sooner the better...!

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Blocking Websites, Right To Privacy And Private Copying Exception: Recent Decisions Of The Court of Justice Of The European Union

The Court of Justice of the European Union (the Court) has been very busy lately in the field of intellectual property with, inter alia, the role that internet service providers (ISPs) can play with websites engaged in copyright infringement and their ability, if any, to collect data without violating fundamental rights. Let’s take a closer look at these decisions!

At the end of March, the Court handed down its long-awaited decision - Judgment in Telekabel Wien GmbH v. Constantin Film Verleih GmbH, C:314/12, ECLI:EU:C:2014:192 - and confirmed that internet service providers (ISPs) can be ordered to block its customers’ access to websites making available infringing content/copyrighted protected material. In this case, the subscribers of the ISP were able to use its services to access a pirate website, offering either a download or ‘streaming’ of Constantin’s films. Constantin obtained an injunction requiring ISP to take reasonable steps to prevent such access. The Court stated that “a person who makes protected subject-matter available to the public on a website without the agreement of the right holder (...) is using the services of the internet service provider of the persons accessing that subject-matter, which is to be regarded as an intermediary within the meaning of Article 8(3) of [the Copyright InfoSoc] Directive 2001/29. Adding that “Neither the wording of Article 8(3) nor any other provision of Directive 2001/29 indicates that a specific relationship between the person infringing copyright or a related right and the intermediary is required; (...) an injunction does not seem to infringe the very substance of the freedom of an internet service provider (...) to conduct a business”. In sum, ISPs, best placed to bring
such infringing activities to an end, can be required to block access to infringing websites but any injunction must be balanced and proportional (for further details, see ABA Section of Intellectual Property Law, International IP Legal Updates Newsletter, v.1, i.1, p. 11).

In April, in a landmark ruling - Judgment in Digital Rights Ireland Ltd and Seitlinger and Others, C-293/12 and C-594/12, ECLI:EU:C:2014:238 - the Court declared the Data Retention Directive [Directive 2006/24/EC of the European Parliament and of the Council of 15 March 2006 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks] invalid and in violation of Internet users’ privacy. More precisely, the court held that “by adopting the Data Retention Directive the EU legislature has exceeded the limits imposed by compliance with the principle of proportionality in the light of Articles 7, 8 [setting out Data protection and data security, and storage requirements for retained data respectively] and 52(1) [principle of proportionality] of the Charter [of Fundamental Rights of the European Union]”. The Court recognized that “The fact that data are retained and subsequently used without the subscriber or registered user being informed is likely to generate in the minds of the persons concerned the feeling that their private lives are the subject of constant surveillance” (Judgment in Digital Rights Ireland Ltd, op. cit., paragraph 37); and “Those data, taken as a whole, may allow very precise conclusions to be drawn concerning the private lives of the persons whose data has been retained” (Judgment in Digital Rights Ireland Ltd, op. cit., paragraph 27). This Directive required telecoms companies to store user-data (e.g. name and address of the subscriber or registered user, the calling telephone number, the number called and an IP address for Internet services, etc.) for up to two years and to make them available on request to law enforcement authorities. In the post-PRISM period, this decision is a clear victory for privacy activists and ensures effective privacy and data protection. Now it is up to the Member states to change their national laws accordingly.

Finally, in another fascinating case - Judgment in ACI Adam and Others, C-435/12, ECLI:EU:C:2014:254 - the Court held that the private copying exception may only apply to reproduction from legitimate sources; therefore not for copies made from unlicensed sources, such as illegal downloads from the Internet. The Dutch system of the private copying levy referred in article 16c (1) of the Dutch Copyright Act, which included the “reproduction of a work or a part thereof on an item designed for the performance, representation or reproduction of a work shall not be regarded as an infringement of the copyright in that work if the reproduction is made for ends that are neither directly nor indirectly commercial and serves exclusively for the own practice, study or use of the natural person making the reproduction”, has been declared unlawful. Indeed, “If the Member States had the option of adopting legislation which also allowed reproductions for private use to be made from an unlawful source, the result of that would clearly be detrimental to the proper functioning of the internal market”, the Court Stated (Judgment in ACI Adam and Others, op. cit., paragraph 35). In sum, downloading copyrighted material for personal use is no longer allowed in the Netherlands.

These recent and captivating decisions from the Court of Justice of the European Union are all welcome for their end results. Although some aspects of the Judgment in Digital Rights Ireland Ltd and Seitlinger and Others are less welcome, e.g. the way the Court assessed the proportionality of the Directive. There is a clear message to the European Union of the need for data protection/privacy legislation reform. UPC Telekabel Wien’s decision confirmed ISPs’ important role in the fight against online piracy while ACI Adam and Others’s judgment held that copying files from pirated sources cannot be tolerated.

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Early Enforcement Down Under

Introduction
The authors of the Australian patent system are responsive to calls from interest groups. They introduced the Innovation Patent in 2001 in response to such a call. The goal was to provide a simple, low cost route to relatively easy patent protection.

This article explains how the Innovation Patent together with our flexible system for Divisional Patent Applications can expedite patent enforcement even before national phase entry.
From Filing to Acceptance
Filing an International Patent Application generates a filing date in Australia. It usually takes one to two years from national phase entry for the Examiner to issue a Direction to Request Examination. Requesting examination elicits either a First Examination Report or a Notice of Acceptance after between about nine months and a year.

The Applicant has 12 months from the First Examination Report in which to overcome all grounds of rejection. This cannot be extended. The patent application is advertised for opposition purposes for three months after the Notice of Acceptance issues.

So it can take up to two to three years to achieve acceptance and subsequent patent grant. Unlike many other jurisdictions, we can use this period productively.

The Remarkable Innovation Patent
Our legislature introduced the Innovation Patent in 2001. As I mentioned earlier, the goal was to provide a simple, low-cost route to relatively easy patent protection.

The Innovation Patent is remarkable because it can provide protection as broad as a Standard Patent, without the need for compliance with an inventive step requirement.

Requirements
The novelty requirement is the same as that for a Standard Patent and is absolute, in the European sense. However, instead of an “inventive step” an “innovative step” is required. According to the Act, the invention must not vary from the prior art in ways that make no substantial contribution to the working of the invention\(^1\). The variance is tested in the light of the common general knowledge as it existed in Australia before the priority date of the relevant claim.

The innovative step requirement is taken from *Griffin v Isaacs*\(^2\) which was really the test for novelty at that time. An example of an innovative step is given by *Washex Machinery Corporation v Roy Burton & Co.*\(^3\). The court said that there was a “significant difference” between the invention and a prior art washing machine which had a drum at an inclined axis. The patent in suit had an axis that was horizontal. That difference would have been sufficient to constitute an innovative step.

Thus, the Innovation Patent establishes a right which is at least as effective as that established by a Standard Patent, but is significantly easier to obtain.

A counterclaim for revocation of the patent on one or more invalidity grounds is usually a defense to an infringement action. With Standard Patents, one of the grounds is almost always a lack of inventive step. Since the innovative step requirement is less onerous than the inventive step requirement, the chances of success in a revocation counterclaim could be significantly reduced when enforcing an Innovation Patent.

The Procedure
Only a formalities examination is carried out when the application is filed. The Australian Patent Office then issues a Deed of Letters Patent within as little as two months from the filing date. The Innovation Patent is also published at that time. Thus, filing an innovation patent application can result in early publication, which may be undesirable.

The Deed of Letters Patent does not confer enforceable rights. The Innovation Patent must be certified in order for it to be enforceable. The Patentee can request Certification at any time during the life of the Innovation Patent. The process of requesting certification is akin to requesting examination of a standard patent application. The Examiner issues a Certificate of Examination if satisfied that the claimed invention complies with the requirements of novelty and innovative step.

Certification can take as little as three or four months and, if successful, the Innovation Patent will be certified and enforceable. Thus, the whole process can take as little as six months.

Get in Early
Our Act makes provision for divisional patent applications from standard patent applications. These can be applications for Innovation Patents\(^4\). So you can file a divisional application for an Innovation Patent based on the application for the Standard
Patent before grant of the Standard Patent. You will then be in a position to enforce your rights within 6 months of filing provided you achieve certification.

The claims of the Innovation Patent can be crafted to capture the infringement. This is an extremely effective tool because of the ability to “customize” the claims and the speed and ease of certification compared to examination and acceptance of a Standard Patent Application. The proviso is that the crafted claims claim an invention disclosed in the parent.

An International Patent Application designating Australia is regarded as an Australian Patent Application. It follows that the Applicant can file a divisional application for an Innovation Patent as soon as the International Patent Application has been filed.

**The Quid Pro Quo**
The Innovation Patent has an 8-year lifespan, one part of the *quid pro quo* for the low innovative step requirement. The 8-year clock begins its countdown on the effective filing date. So, if you’re filing a divisional from a national phase entry, the clock would have started on the international filing date.
The other part of the quid pro quo is the limitation to five claims. However, they can all be independent claims.

**A Final Word**
A singular characteristic of the Australian system is our Innovation Patent. The United States has no arrangement for dividing material from a utility patent application into an application for patent rights which is quicker to process and easier to enforce.

Litigation can be both expensive and time-consuming in Australia. The Innovation Patent provides the Applicant with a tool for early, tailored enforcement. Also, the alleged infringer may be faced with the prospect of having to defend a further infringement action based on the parent.

**Barry Eager**, Principal of a firm that operates out of Queensland Australia, barry@beagar.com.au, Australia

**Endnotes:**
2. *Griffin v Issacs* [1942] AOJP

**Les Miserables – Trademark Licensors under §365 of the Bankruptcy Code**
**Current Protection of Trademark Inside Bankruptcy Actions**

The Bankruptcy Code has never been too kind to trademark licensors. Like an orphan, it does not quite know what part of Code Section 365 it belongs to and no one can say for sure. Many Circuit Court decision splits in the past few decades happened because of the “up-for-interpretations” language of Section 365 with regards to trademark license agreements.

Finally, in recent years, a few cases have resulted in better applications of the law for trademark licensors. In 2009, the Bankruptcy Court for the Southern District of New York ruled in favor of the debtor Chrysler, and allowed the rejection of its franchise agreements with over seven hundred dealerships under the §365 provisions of the Bankruptcy Code. In 2013, the Bankruptcy Court for the Central District of California also approved the rejection of the dealership franchising agreements and the damages provided under the same Code section.

The table, however, is about to turn again for trademark licensors.
Trademarks inside Bankruptcy Face Problematic Legislation

Imagine if these trademark owners filed for bankruptcy, but could not terminate burdensome franchising/licensing agreements. If the dealerships all had the power to keep their agreements and continue to operate their businesses under the licensor’s trademark, the trademark licensors would simply be trapped miserably in their insolvency. Unfortunately, it seems that this will become the unfortunate reality of trademark licensors when battling debts, creditors, and piled-on obligations.

According to the Innovation Act, which has already been passed by the U.S. House of Representatives, the proposed Trademark (TM) provision will place TM licensing agreements under the protection of §365 (n) of the Bankruptcy Code.

Code §365 (n) is an exception carved out specifically for the benefit of the licensees of patents, copyrights, and trade secrets. Congress enacted the exception as a result of the 4th Circuit Court of Appeals’ Lubrizol ruling in 1985, where a patent licensor filed for bankruptcy and was allowed to terminate its licensing agreement with the licensees.

Congress has proposed the TM provision under this Act to prevent any future trademark licensor from rejecting and terminating its franchising/licensing agreements under the §365 (a) of the Bankruptcy Code without the consent of the non-debtor licensees. The new provision will force the debtor trademark licensor to maintain all control and duties required of a licensor while being insolvent inside bankruptcy. Arguably, this also implies that a debtor trademark licensor will no longer be able to liquidate its assets and dissolve its business even if such option is the only viable choice for the debtor and its creditors.

Although the provision under the Innovation Act also provides the debtor trademark licensor with an expansion on the loyalty payment plan if the licensee elects to assume/retain its contract, there are other concerns should be addressed.

The Minimum Obligations of TRIPS

The first concern is that the United States is a party to the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement. According to Article 21 (a) of the Agreement, “members may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.”

According to Article VI of the U.S. Constitution, “this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any state to the Contrary notwithstanding.”

If the proposed amendment is passed by the Senate and enacted under §365 (n) of the Bankruptcy Code, will this be seen as a direct contradiction that violates the TRIPS Agreement? What consequences will be incurred from such violation?

The Fundamental Purpose of Bankruptcy

The second concern is the lack of remedy being provided for a trademark debtor licensor and its creditors inside bankruptcy. The fundamental policy of our bankruptcy system is to grant relief to debtors with no other way out and creditors who are eager to get paid. Forcing a debtor trademark licensor to keep all the same duties and burdens with regards to the trademarks as if the bankruptcy petition was never filed is not exactly delivering much relief or serving any purpose other than allowing the debtor to renegotiate its loyalty payments. In addition, the expansion on royalties to the debtor will be more like droplets of water that will not quench the thirst of the impatient creditors than a worthwhile consolation.

The proper procedure and practical function of the Bankruptcy system allows the trustee to sift through a debtor’s assets and bring them into a pool of estate. Those creditors who have a claim shall be paid pro rata from this pool of estate. The proposed change under the Act, however, seems to hinder the practical design of our Bankruptcy system. The trustee or the debtor in possession will no longer be able to collect debtor’s assets and maximize the pool of estate for the benefit of the creditors. Furthermore, it is unclear what benefit bankruptcy offers for an insolvent trademark licensor who wishes to liquidate and dissolve its business.
The Fate of a Trademark inside Bankruptcy is in the Hands of Counsel

Even if the Innovation Act does not get passed and enacted, TM under §365 of the Bankruptcy Code may continue to be subjected to unjust interpretations of the Code. Thus, it will not be an easy road for any trademark licensor facing bankruptcy and the attorneys who intend to protect and defend the interests of a trademark licensor.

Since the saga continues on and the road ahead seems unpredictable, preventive measures might provide some security. It could be beneficial for IP lawyers to know the relevant Bankruptcy Code sections that may affect a client’s potential interest. Attorneys in the IP field should watch out for the Code sections that intend to preempt either the state statutes or invalidate certain contractual clauses. For example, the bankruptcy court will not validate any clause that is against public policy, such as waiving the right to file for bankruptcy or agreeing to punitive damages upon the filing of bankruptcy.

Under §365 (c) of the Code, a provision in a licensing agreement that prohibits or restricts the assignments of a license may have no effect if there is an applicable law that will excuse the non-debtor from assigning its licensing agreement to a third party. The freedom to make an assignment under this section may happen after the trustee has made the decision to assume (i.e. continue) the contract. The non-debtor party’s right to assign will not require approval from the court or consent from the debtor.

If the debtor is a trademark licensor, then according to §365 (c) of the Code, not only the assignment of the non-debtor licensee will deprive the licensor’s right to control the mark, it also violates the Article 2 (a) of the TRIPS Agreement that prohibits compulsory trademark license. To save from future headaches caused by dealing with bankruptcy attorneys, or the opposing attorneys, who are not aware of the applicable laws that may preempt the Bankruptcy Code, it might be worth the extra ink and energy for trademark attorneys to make an appendix of applicable laws a part of the standard licensing agreement.

Joyce Chang, USA

Acceptability of Hyperlinks to Copyrighted Content on Freely Accessible Websites
Reviewed under EU Copyright Law

Under the European Union Copyright Directive (Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society), European Union Member States must guarantee copyright holders rights which “shall not be exhausted by any act of communication to the public or making available to the public” (Article 3). The aim of the Copyright Directive is to strengthen legal certainty in copyright matters within the EU by creating harmonized legislation. In the recent case C-466/12 (Nils Svensson, Sten Sjögren, Madelaine Sahlman, Pia Gadd v. Retriever Sverige AB), the Court of Justice of the European Union was brought to assess the interpretation of the term “act of communication” under the Copyright Directive and whether European Union Member States have discretion over the scope of this term.

The matter concerned a situation in which a website operated by a Swedish company had published on its website hyperlinks to articles on other websites, including newspaper articles. The journalists who had written the articles had not authorized the hyperlinks. The case evolved around the question whether such linking constituted “act of communication” and whether the website owners could, without the copyright holder’s permission, post on their websites hyperlinks leading to the copyrighted content on another website.

In its decision, the Court set forth guidelines for assessing the acceptability of hyperlinking: According to the Court, the central question in evaluating whether a hyperlink to copyrighted content constitutes an act of communication is whether the communication is to a “new public”. The Court found that a public of a hyperlink is new if the public was taken into account by the author of the copyrighted content as potential recipients of the initial communication. Consequently, according to the Court, authorization of the copyright holder was not required in the case at hand for a communication to the public when there was no new public. Moreover, the Court concluded that where all the users of another site to whom the copyrighted works have been communicated by means of a clickable link could access those works directly on the site on which they were initially communicated, without the involvement of the manager of that other site, the users of the site managed by the latter must be
deemed to be potential recipients of the initial communication and, therefore, as being part of the public taken into account by the copyright holders when they authorized the initial communication.

Furthermore, as to the individual discretion of the Member States, the Court found that Members States do not have the flexibility to broaden the scope of protection given to copyright holders by including a wider range of activities within the definition of act of communication as this would create legislative differences and undermine the harmonization aim of the Copyright Directive.

Johanna Flythström, Roschier, johanna.flythstrom@roschier.com, Finland

Recent decision by the BPTO

Last December, the three-dimensional trademark number 829986928 in the name of GRUPO BIMBO S.A.B.DE C.V. for chewing gum (except for medical use) confetti was refused by the Brazilian PTO in view of the Brazilian trademark Law art. 124, XXI. The law establishes:

Article 124 - The following are not registrable as marks:  
XXI - necessary, common or usual shapes of a product or of its packaging, or, furthermore, shapes that cannot be disassociated from a technical effect;

In its decision, the BPTO stated that even though such trademark is disassociated from the technical effect, the shape is a common form of the signed product.

No comments accompanied the decision.

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Brazil: Department Store is compelled to cease use of trademark CORTELLE

A recent and interesting decision involving a big Brazilian department store called Lojas Renner S.A. was rendered by the Superior Tribunal of Justice (STJ), regarding a conflict between the marks CORTELLE and CORPELLE.

The plaintiff, Cortex Comércio Exportação e Importação Ltda., owns the trademark CORPELLE, registered in 1995 and 1996, both as a word mark and in a composite form, to identify clothing articles (underwear and others). Cortex used to sell its goods bearing the mark CORPELLE to the department store Lojas Renner S.A., thus being Renner’s supplier for many years, until the year 2002.

In 2002, the Brazilian PTO granted a registration on the mark CORTELLE in the name of Lojas Renner S.A., to identify the same
type of goods (clothing articles) that were sold under the mark CORPELLE. At that time, Lojas Renner ceased purchasing CORPELLE goods from Cortex and Lojas Renner began selling goods under its own mark CORTELLE.

In view of the similarity between the marks CORPELLE and CORTELLE, Cortex filed a court action against Lojas Renner and the Brazilian PTO, based on unfair competition and risk of consumer confusion. The first instance decision was favorable to Cortex and consequently, Lojas Renner’s registration on the mark CORTELLE was cancelled and the company was compelled to cease the sale of any goods identified by this mark.

An appeal was filed by the defendants to the Federal Regional Tribunal of the 4th Region. After accepting the appeal, the Tribunal decided that there was no evidence that the coexistence of the marks CORPELLE and CORTELLE caused consumer confusion.

A special appeal was subsequently filed by Cortex to the Superior Tribunal of Justice and the decision was favorable to the plaintiff/appellant without a dissentient vote.

In her opinion, to which the other Judges of the STJ have agreed, the Reporting Judge of the special appeal pointed out interesting arguments which led her to decide in the plaintiff’s/appellant’s (Cortex) favor.

Firstly, the Reporting Judge mentioned that the Brazilian Industrial Property Law (IPL) does not require evidence of consumer confusion or association, but a mere potential risk of consumer confusion/association (Article 124, item XIX, of the IPL).

Secondly, with regard to the analysis of the conflict between the marks CORPELLE and CORTELLE, the Reporting Judge has stated that the marks should be taken into consideration “as a whole”, instead of on an isolated basis.

Based on the abovementioned criteria, the Reporting Judge’s decision stated that the marks CORPELLE and CORTELLE are almost identical and differ only in one letter (CORPELLE x CORTELLE). The decision has stressed that even the repeated use of the letter L was maintained by Lojas Renner on its mark (CORTELLE x CORPELLE).

The decision interestingly points out that Cortex’s mark CORPELLE was created by joining the words COR (colour) and PELE (skin), which are directly associated to the goods identified, that is, underwear. On the other hand, Lojas Renner’s mark was not created through the process of joining two words, thus revealing a clear intention of a) approaching as much as possible to the previously-registered mark CORPELLE and b) creating consumer confusion regarding the origin of the goods.

Furthermore, the decision asserted that Lojas Renner used to sell CORPELLE goods in its stores up until 2002, but curiously ceased sale of those goods and began selling its own goods under the mark CORTELLE. It was noted that Lojas Renner’s attitude represents bad faith and unfair competition because it was clear that Lojas Renner intended to cause consumer association by misleading them to believe that it was still selling CORPELLE goods. Tellingly, Cortex’s CORPELLE goods had been substituted with Lojas Renner’s own CORTELLE goods.

In view of the abovementioned reasons, the STJ decided that there was unfair competition and consumer confusion in the present case and that the marks CORPELLE and CORTELLE could not coexist in the same market segment, in accordance with Article 124, item XIX, of the IPL. Consequently, the STJ stipulated the first instance decision be re-established.

This decision shows that the judges of the Brazilian Superior Tribunal of Justice are sensitive to details in terms of analyzing trademark conflicts. In fact, attention to details can be crucial to a decision (e.g., the detailed analysis regarding the creation of Lojas Renner’s mark). Furthermore, the interpretation of the party’s behavior behind an imitation or reproduction of a third party’s previously-registered mark may also play an important role in reaching a decision (e.g., the conclusion that Lojas Renner’s intention was to mislead consumers into believing that the CORPELLE marks were still being sold).

Our expectation is that this decision will be useful in restricting future undue imitation or reproduction of trademarks, thus guaranteeing that loyal competition prevails over unfair competition.

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Canadian Trademark Reform

The Conservative Government has been increasing its efforts to amend the provisions of the Trade-marks Act. Presumably this is being driven by the negotiation of the Comprehensive Economic and Trade Agreement (CETA), the free trade agreement between Canada and the European Union.

The Five IP Treaties
On January 27, 2014 the Minister of Foreign Affairs tabled five IP treaties in the House of Commons:
- the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;
- the Singapore Treaty on the Law of Trademarks;
- the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
- the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs; and

This is the first procedural step towards ratification and implementation of these treaties. However, it is indicative of fairly significant changes to Canadian IP laws and a harmonization of those laws with the laws of a considerable number of countries. The Treaties can only be ratified after the changes have been made to the relevant legislation.

Bill C-31
The Government introduced Bill C-31, to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures.¹ This Bill includes Division 25 of Part 6 which, in broad terms, will amend the Trade-marks Act to, among other things,
- change the name of the Act to the Trademarks Act;
- make that Act consistent with the Singapore Treaty on the Law of Trademarks;
- add the authority to make regulations for carrying into effect the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;
- simplify the requirements for obtaining a filing date in relation to an application for the registration of a trademark;
- eliminate the requirement to file a declaration of use of a trademark before registration;
- reduce the term of registration of a trademark from 15 to 10 years; and
- adopt the classification system established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

Bill C-31 covers all of the amendments introduced in a previous bill and adds additional provisions. It is not clear why the potentially significant changes of Bill C-31 would be included in an omnibus Bill implementing a budget.

Unfortunately, Bill C-31 contains provisions which will allow an applicant for a trademark to obtain a registration without any requirement to specify a date of first use of the trademark in Canada. There are significant concerns with respect to the potential negative impact that such a change will have on the Canadian trademark system and the failure of the Government to engage in any consultations with interested parties.

In light of the government's lengthy history of not agreeing to changes to bills that implement a budget in order to ensure that the progress of such bills are not delayed, we may be stuck with these changes as they are currently written.

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These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.

¹. As of April 2014 the Bill has been given first and second reading. Its status can be tracked at http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&billId=6483626
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