Welcome to the 8th edition of the International Associates Action Group Newsletter. We are still looking for contributors so please get in touch with me at david@gearhartlaw.com If interested in becoming an editor or just want to get involved in our Action group please do let myself or Cristina Guerra know. See you next Month!

Yours,
David Postolski

Welcome to our IAG July 2015 Newsletter

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Australia & New Zealand preparing for single patent application and examination process

Applicants could soon have the option of a single application and examination process for jointly filed Australian and New Zealand patent applications. The proposal is an outcome of the Single Economic Market initiative the two countries have been pursuing since 2009.

Currently around 95% of New Zealand applications have corresponding applications filed in Australia. Most Australian patent attorneys hold reciprocal registration in New Zealand and vice versa. Approximately 40% of all the applications filed in both Australia and New Zealand nominate the same agent as the address for service. Both countries have also recently seen changes to their respective patent laws, which have somewhat aligned the systems. There is a clear opportunity to avoid duplication and to streamline the prosecution process for applicants seeking dual patent protection in Australia and New Zealand.

A distinct Single Application Process and Single Examination Process are proposed.

Under the Single Application Process an online filing portal will be accessible via the IPONZ and IP Australia websites. An application filed via the portal will result in corresponding joint applications being filed in both Australia and New Zealand. A single filing fee applies, which at this stage looks to be the combined current Australian and New Zealand filing fees. The Applicant is expected to benefit from a reduction in the agent’s time charges to file a joint application, rather than any savings in the official fees.

Under the Single Examination Process a single examiner, which could be an Australian or New Zealand examiner depending on workload, will be assigned jointly to examine the corresponding applications. It appears that a single examination report will issue for both the applications\(^1\). It can be expected that in most cases the same substantive issues will be raised for both applications at the same time and can be addressed by a single response. This will simplify prosecution for the applicant in many instances.

Each application will be subject to the applicable patent laws of the country in which it is filed. Although the patentability considerations under Australian and New Zealand patent laws are similar, notable differences in patentable subject matter remain. For example, patents relating to methods of medical treatment of humans or computer programs are unlikely to benefit from the single examination process. The reason is that New Zealand has a more conservative approach to these types of invention than Australia.

A potential drawback is that examination of both applications will likely have to be requested at the time of filing\(^2\). In Australia the delay of between 1 and 2 years from filing before being directed to request examination can be strategically important.

The single patent application and examination process is expected to be implemented in pilot form in late 2015, with a further Bill still to be introduced by New Zealand.

Written by Ernst le Roux – eleroux@emip.com.au

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1) Proposals for Regulations to be made under the Patents Act 2013, para 218

2) Proposals for Regulations to be made under the Patents Act 2013, para 202
IMPORTANT CHANGES TO CANADIAN IP STATUTES PASSED INTO LAW

On May 7, 2015, the Government of Canada introduced legislation to amend the Patent Act, Trade-marks Act, and Industrial Design Act. The legislation, Bill C-59, follows a Federal Budget which proposed to modernize Canada’s intellectual property framework to help innovators better protect their IP. The amendments relate most notably to statutory privilege for agents, correction of errors before the Canadian Intellectual Property Office (CIPO), and extensions in case of force majeure events.

**Statutory privilege.** The amendments protect confidential communications between patent or trade-mark agents and their clients in the same way as communications that are subject to solicitor-client privilege. The communication must be made for the purpose of seeking or giving advice with respect to any matter relating to the protection of a patent or trade-mark. Granting statutory privilege to not only Canadian agents, but also foreign agents, prevents forced disclosure of communications with IP owners, thus fostering open communication of facts and strategy.

**Error correction.** The amendments provide the authority to make regulations respecting the correction of obvious errors in patent or industrial design documents. They would repeal the current provisions respecting correction of clerical errors, whose clerical nature has been challenging to establish where the source of the error is difficult to identify, or where the error relates to drawings instead of wording. Shifting the type of error that can be corrected from “clerical” to “obvious” is expected to reduce the amount of fact finding necessary, simplifying the process of correction.

**Force majeure.** The amendments provide for extensions of time limits in unforeseen circumstances. They align Canada with a number of other jurisdictions. Allowing the CIPO to extend deadlines in the case of unforeseen circumstances helps rights holders avoid unintentional loss of IP rights in case of events such as floods or ice storms.

The legislation, Bill C-59, received Royal Assent on June 23, 2015 and has been passed into law.

The statutory privilege amendment comes into force 12 months after the Royal Assent.

The error correction amendment comes into force on a day fixed by order of the Governor in Council. However, that day will not be before amendments in another bill come into force (which is expected after late 2016).

The force majeure amendment comes into force on a day fixed by order of the Governor in Council.

The amendments are expected to benefit rights holders by supporting the provision of advice, simplifying the correction of errors, and providing relief in unforeseen circumstances.

Jean-Charles Grégoire is a lawyer and registered Canadian patent agent at Marks & Clerk Canada. His practice focuses on securing patent and industrial design protection.
Beijing IP Court Overlooks First-to-File Rule in Well-Known Trademark Case

On March 11, 2015, the Beijing Intellectual Property Court delivered its first instance judgment on No. 8840949 “微信” (wei xin) mark which has the same Chinese characters as a popular social media APP “微信（WeChat）” developed by Tencent, and maintained the decision to refuse registration made by the Trademark Review and Adjudication Board (TRAB) in accordance with Article 10.1.8 of the Trademark Law. The legal community in China have split opinions over the judgment.

Basic Facts

Based on the facts ascertained in the judgment as well as information collected online, the timeline of this case can be summarized as follows:

- **On November 12, 2010**, Trunkbow, the Plaintiff in the dispute, applied for registration of the No. 8840949 “微信” mark (“the Mark”) to the CTO;
- **On January 21, 2011**, Tencent released its WeChat 1.0 for iphone (beta);
- **On January 24, 2011**, Tencent applied for registration of “微信(WeChat) and device” in class 9 and 38 to the CTO;
- **On February 23, 2011**, the Plaintiff finished its development on the Trunkbow Asia Pacific Weixin System (“Weixin System”) which is supported by evidence of the Software Copyright Certificate;
- **In April & June of 2011**, the Plaintiff signed contracts with two companies with respect to the Weixin System. However, the former contract lacked proof of actual performance, and the product in the latter contract was actually “沃名片”, and not the “微信” applied for registration by the Plaintiff;
- **On August 27, 2011**, the Mark’s designated goods, such as message transmitting, telephone etc., in class 38 was published for opposition. Within this period, a third party, Mr. Zhang (the Third Party), raised an opposition against the Mark.
- **On March 2, 2013**, Tencent’s application was approved for registration;
- **On March 19, 2013**, the CTO decided that the Mark was not approved for registration and the Plaintiff appealed to the TRAB;
- **On October 22, 2014**, the TRAB decided that the Mark was not approved for registration. Thus, the Plaintiff brought the dispute to the Court within the legal term.

Court Opinions

The Court considered the key issue of this dispute to lie in whether the application of the Mark violated Article 10.1.8 of the Trademark Law, which is ‘*the following signs shall not be used as trademarks: ... (8) those detrimental to socialist morals or customs, or having other unhealthy influences*’.

The Court considers that where a registered mark used on specific goods or services may mislead consumers and lead to a negative effect on public interest, this is provided for in Article 10.1.8. When judging if a mark has unhealthy influence, the good or bad faith of an applicant when such applicant applies for registration or uses the mark is not a major concern. Instead, the focus is on the possible objective social effect caused by the registration and use of the mark. In addition, with respect to a mark that is still in the application process, the delivery of an administrative decision or a judgment on unhealthy influence is based on the facts, in order to respect the newly formed public interest and public order.
In an article published online, one of the judges in this case, Judge Zhou Liting, further explained that while the application for registration of the Mark was not made in bad faith, the approval for registration thereof would have affected the interests of a large proportion of the public. The reason was that 800 million WeChat users already recognized the Mark. As a result, a change in that recognition could have had huge social cost. Thus, the Court had to weigh the interest of the Plaintiff and that proportion of the public. The Court found that protecting the public was more reasonable than allowing registration.

Comment

After the judgment was issued, divided opinions mainly focused on two points:

1) What constitutes “unhealthy influence”? Most of those who disagree with the Judgment argue that “unhealthy influence” should be restricted to a passive and a negative impact on public interest and public order in terms of politics, economy, culture, religion and ethics etc., caused by a mark itself or an element thereof; whereas the Judgment took into consideration the possibility of confusion between the marks;

2) What is the time factor that is required to judge “unhealthy influence”? Some argue that the Court should only review the facts in the application stage. In this case the Judgment held that facts should be taken into account for an administrative decision or a judgment that determines possible “unhealthy influence” of a mark.

The Judgment is not final as it is a first instance judgment, and it is reported that the Plaintiff will appeal to the higher court. Even if the second instance court maintains the Judgment herein, it is still too soon to draw a conclusion that a decision like this will become the norm. Furthermore, there are not many brands that have such a large number of users and influence in China as do the WeChat mark and its owner Tencent. Therefore, this case might provide an alternative remedy to those who are in a similar situation, but it will not be easy to get a similar judgment considering the burden of proof required.

By Fei Dang and Matthew Murphy
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SKYPE trade mark left grounded in the EU

Telecommunications company Skype Ultd (“Skype”) has been unsuccessful in its bid to register the SKYPE word and logo marks (the “SKYPE marks”) in the European Union. In its judgments dated 5 May 2015, the General Court of the Court of Justice of the European Union has refused registration of the SKYPE marks on the basis that they are confusingly similar to the trade mark SKY. The full text of the judgments can be found here, here and here.

Background
In 2004 and 2005, Skype applied to register the word SKYPE and the SKYPE logo (the “SKYPE marks”) as Community Trade Marks in relation to a wide range of computer and electronic goods in Class 9 and telecommunication and computer services in Class 42. The SKYPE logo is shown below:

The applications were opposed by Sky plc and Sky IP International Ltd (together “Sky”). The prior rights owned by Sky and relied on in opposition included a Community Trade Mark registration for SKY which covered goods and services in Classes 9, 38 and 42.

Sky was successful at first instance and on appeal. Skype appealed to the General Court, where the key issues raised were whether SKY and SKYPE are similar and whether there is a likelihood of confusion. It was not in dispute that the goods and services of each party were identical.

Comparison of Marks
The General Court agreed with the Board of Appeal that SKY is similar to the SKYPE marks. Despite the additional letters “P” and “E” in the SKYPE marks, the General Court found that the word SKY is clearly recognizable and easily identifiable within the SKYPE marks which gives rise to phonetic, visual and conceptual similarity. Skype argued that this conclusion could only be reached by artificially separating the SKYPE marks into two elements, “SKY” and “PE”, but this was rejected by the General Court.

Likelihood of Confusion
Skype argued that confusion between the respective parties’ brands would be unlikely because: (i) the SKYPE marks had become highly distinctive through use and so could be distinguished from SKY; (ii) the SKY mark has a low level of distinctiveness which dilutes the scope of protection of that mark; and (iii) the SKY and SKYPE marks have co-existed peacefully on the market without confusion.
The General Court rejected all three lines of argument. First, the General Court held, tellingly, that it is the use and recognition of the earlier mark (SKY) and not that of the contested marks (the SKYPE marks) that must be taken into account when determining whether there is a likelihood of confusion. Second, although it is not inconceivable that SKY could be perceived as inherently weak, this would be overridden by the enhanced distinctiveness of the mark on account of its large reputation in the United Kingdom – and in any event, if the mark is weak, this would only be for some goods and services, not all. Third, while in some circumstances co-existence may reduce the likelihood of confusion, that was not the case here. Skype had used its SKYPE marks in relation to a “peer-to-peer communication service” for between six and 22 months prior to the filing of the applications that led to these disputes. This brief period of co-existence, concerning an activity that was not in competition with Sky’s core business, was insufficient to demonstrate that the co-existence was due to the absence of a likelihood of confusion.

Comment
The General Court’s decisions are a timely reminder that trade marks may be deemed similar even if the common element does not stand alone, independently, in the later mark.

The decisions also provide useful commentary on the relationship between inherent distinctiveness and enhanced distinctiveness, the nature of co-existence, and the extent to which these factors may impact on the assessment of likelihood of confusion. In particular, the distinctiveness of an inherently weak trade mark may be bolstered by showing that it has enhanced distinctiveness through use.

It will be interesting to see if Skype appeals the decision given it is such a well-known brand and must be of great value to the business.

Richard Hing, Fieldfisher, London
CJEU dismisses Spain’s objection to the EU Unitary Patent system

The Court of Justice of the European Union (CJEU) has rejected Spain’s objections to the European Unitary Patent system. This effectively removes the last serious obstacle to the proposals so the system is likely to be implemented when the UPC Agreement has been ratified by the required number of states (13, including France, Germany and the UK). There are currently seven signatories (Austria, Belgium, Denmark, France, Malta, Sweden and Luxembourg) and Portugal has taken steps towards ratification. Launch of the UPC and Unitary Patent package is realistically now expected at the beginning of 2017.

Background
For over 40 years, the EU has strived to create a single patent right to cover the whole of the EU. We may now be close to establishing a European Patent with unitary effect, as well as a unified patent court (“UPC”) to adjudicate disputes arising over European Patents. At present, European Patents are governed by the European Patent Convention (EPC) which provides that in each contracting state for which a European Patent is granted, it will have the same effect as if it were granted nationally.

The new framework is to be brought about through what has become known as the “Unitary Patent Package” which comprises a number of implementing regulations. In proceedings C-146/13 and C-147/13, Spain sought to annul two of the key implementing regulations: (i) Regulation No 1257/2012 on the establishment of the unitary effect conferred by a European Patent; and (ii) Regulation No 1260/2012 which governs linguistic administration and translation requirements.

In November 2014, the Advocate General (AG) rejected Spain’s illegality arguments.

CJEU decision
The CJEU has now confirmed the AG’s opinion in cases C-146/13 and C-147/13 and issued a Press Release.

Spain had argued that Regulation 1257/2012 provides for protection based on the European patent but the administrative procedure preceding the grant of such a patent is illegal because it is not subject to judicial review to ensure the correct and uniform application of EU law. The CJEU rejected this argument pointing out that Regulation 1257/2012 is in no way intended to delimit the conditions for granting European patents, which are governed by the European Patent Convention (“EPC”), and does not incorporate the procedure for granting European patents laid down by the EPC into EU law. Spain had also contended that Article 118 of the Treaty on the Functioning of the EU (concerning the uniform protection of IP rights through the EU) is not an adequate legal basis for Regulation 1257/2012. In that regard, the CJEU pointed out that unitary patent protection is apt to prevent divergences in terms of patent protection in the participating Member States and, accordingly, provides uniform protection of IP rights in the territory of those States.
On translation, Spain had argued that the proposed language arrangement was prejudicial to individuals whose language is not one of the official languages of the EPO (such as native Spanish speakers). Whilst the CJEU acknowledged the differentiation between the official languages of the EU, it emphasized that Regulation 1260/2012 has a legitimate objective of creating a uniform and simple translation regime to facilitate access to patent protection, particularly for small and medium-sized enterprises. The CJEU emphasized that the proposed language arrangements made access to the patent system easier, less costly and legally more secure. In the CJEU’s opinion, Regulation 1260/2012 is also proportionate as it maintains the necessary balance between the interests of the applicants and the interests of other economic operators.

Beverly Potts, Fieldfisher, London
US Adheres to Hague Agreement

On May 13th, 2015, The United States of America adhered to the Hague Agreement concerning the International Registration of Industrial Designs, thus becoming a contracting party.

This means that, from now on, those who are nationals, have a domicile, or have an effective industrial or commercial establishment in the USA can register an industrial design, with international recognition, just by filling in an online application. The Hague system can be used to protect an industrial design only in countries that are party to the Hague Agreement. There are, however, 64 contracting parties, including countries from Europe and Asia, and important organizations like the European Union and the African Intellectual Property Organization, so adhering to this agreement provides a pretty wide recognition with very little effort.

There’s no need for any prior national application or registration, the only thing required is to fill out an international application form provided by the International Bureau of WIPO or, even easier, an electronic application form available on www.wipo.int/hague/en, which can be filled out in English, French or Spanish. When filling in the application you must indicate the contracting parties whose protection you are seeking, and pay a fee for each country, along with a basic fee and a publication fee.

The application is subjected to both a formal and a substantive examination.

After the application is filed with the International Bureau of WIPO, the formal examination follows, and if the application complies with the formal requirements it is registered and then published in the International Designs Bulletin, which is issued weekly online.

The substantive examination is made by the Office of Each Designated Contracting Party, based on the substantive conditions of their own legislation, who then have the option of notifying a refusal of protection. Each refusal must be communicated to the International Bureau of WIPO within 6 months from the publication in the International Designs Bulletin, or within 12 months, under the 1999 Act.

The registration with no refusal notified by the designated Contracting Party, or with the refusal withdrawn, has the effect as a grant of protection in that Contracting Party, under its law.

Imagine that you wanted to register your design in 64 countries: imagine the language difficulties, the forms you would need to fill in, the bureaucracy in all of these countries, the fees you would have to pay, the stress given by the fact that you need to remember the dates for renewal for each country.

There are multiple advantages in being a member of the Hague Agreement, but the most precious of all is that it gives you the comfort that you’re just one e-application away from an international recognition and protection of your industrial design and, five years later, when the protection expires you’ll be just one e-renewal form away from an extension of your protection.

Anamaria Francu,
Attorney at Law
Romania
Apple Watch: The Wearables Revolution Truly Begins

The brand-new Apple Watch, the first from-the-ground-up product line since the 2010 iPad, is finally coming to Apple Stores. A recent report published by TrendForce is projecting that Apple Watch sales will reach $15 million in 2015 and $26 million in 2016. It's not a surprise that the Apple brand is now the World’s Most Valuable Brand, worth $145.3 billion. The potential success of this new wearable is not only the result of a market that’s expanding and growing very fast, it is also thanks to the fact that wearable devices are becoming more accessible and influential in the daily lives of consumers.

Wearable technologies are not entirely new. In 1979, most of us were using the fabulous Sony Walkman. For unborn generations it’s just a “piece of art”, but for others it was the beginning of a new generation of wonderful tools. Today, wearables encompass a large number of devices, such as the smartwatch, the Google Glass, GPS tracking devices, the heart rate monitor, smart contact lenses, the contactless wristband, smart shirts, fitness bracelets, etc.; and the innovations won’t end there. In this context, developing and/or acquiring the appropriate intellectual property (IP) rights will create a solid foundation for growth and success.

Before launching and promoting a new wearable technology, a prudent company or startup needs to consider the different legal rights that constitute IP, and how the application of those rights may vary depending on where you plan to commercialize your product.

Concerning **patent law**, there is a distinction in the United States between a “utility patent” and a “design patent”. Broadly speaking, a "utility patent" protects the way an article is used and works (35 U.S.C. §101), while a "design patent" protects the way an article looks (35 U.S.C. §171). For instance, Apple was granted a utility patent for a “Wrist-worn electronic device and methods therefor” (U.S. Patent No. 8,787,006), as well as several design patents concerning Apple Watch bands that cover the designs for three Apple Watch accessories, namely the link bracelet (D 727,199), the sport band (D 727,197), and the modern buckle (D 727,198).

In terms of **trademark law**, depending on the part of the globe in which you want to protect your wearables, different institutions are responsible for the registration of your brand. In the U.S., it is the USPTO whereas in the EU, it is the OHIM. You can also register it on an international level at WIPO. For instance, Apple recently filed a trademark application at the USPTO for the "Mail" icon (#86527150), under International Class 9, covering "computer software for composing, sending, searching, organizing, and reading electronic mail software on wireless communication devices, wearable wireless communication devices, and mobile digital electronic devices." Challenging questions will also arise in the growing **domain name system**.
One should never disregard trade secrets protection. Although there is not a complete uniformity of trade secrets law across the U.S., the Uniform Trade Secrets Act (UTSA) plays an important role in protecting these valuable assets. In Europe, there is a proposed Directive that aims to set up a harmonized system across the 28 Member States by establishing common definitions, procedures and sanctions.

As long as the products in question contain original expressions, copyright protection could also be used to prohibit others from reproducing individual elements of, for instance, a graphical user interface of a smartwatch. However, there could also be infringement of copyright issues if wearable devices are used to record audiovisual works in movie theaters.

We are only at the beginning of a new wave of promising and exciting wearables. New innovations are rapidly coming onto the market. Entrepreneurs, companies, and startups need to protect their IP rights, not only at a national level but also worldwide. A correct exploitation of IP assets, including but not limited to know-how, patents and trademarks, aligned with your passion for innovation and your business strategy, should help to increase protection and enhance the enforcement measures that can be taken against infringers and competitors.

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International Action Group (IAG)

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- Network and participate in Section international programming and events with member colleagues: leaders, global law firms, and multi-national corporate counsel from over 75 countries; and
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