Welcome to our IAG March 2018 Newsletter

Dear ABA-IPL Members;

Welcome to the November 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 Matthias Berger know. See you next Month!

Yours,

David Postolski

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Common Law Trademark Rights and Why They Are Important

A brand owner should understand what common law rights are and how they can interact with registered trademarks.

The trademark registration system co-exists with common law trademark rights. Common law rights are acquired through actual use of the common law mark in association with goods or services. As a common law trademark becomes known and goodwill is associated with it, the owner of the mark will be able to assert claims against others who use confusing trademarks in the specific region or area where the common law trademark owner has built up goodwill. Common law trademark rights may be helpful on a case-by-case basis or may be impediments to overcome in other cases.

If a brand owner does not own a trademark registration it may still be possible to assert rights relating to common law trademark by bringing an action for passing off. However, it can be more difficult to succeed with such an action since in determining whether passing off has occurred the court looks at all of the parties' respective trade dress. For example, the use of different colours or designs in association with the trade dress in issue can be significant. Nonetheless, a claim for passing off can add a useful addition to a plaintiff's action. In actions for infringement of a registered trademark a claim for passing off is frequently included in the event that the registered trademark was found to be invalid or for other tactical reasons.

On the other hand, common law trademarks can frequently be an impediment. In the context of a trademark opposition, the use of the common law trademark can be the basis for a claim for entitlement on the part of the common law trademark owner. Even if a trademark registration is obtained a common law owner who used its mark first in Canada can seek expungement of the registration if the respective trademarks are confusing.

Because of concerns relating to the use of common law trademarks prudent brand owners arrange to have common law searches done when they are considering the availability and registrability of a mark. Unfortunately, many brand owners lose sight of this concern.

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Impact of the Upcoming Unified IP System

The upcoming unified Eurasian Economic Union system aims to establish more efficient mechanisms for obtaining protection for trademarks and appellations of origin – but it remains to be seen how it will function.

The Eurasian Economic Union (EAEU), a successor to the Eurasian Economic Community, is a regional integration organisation covering over 20 million square kilometres and more than 182 million people. Kazakh President Nursultan Nazarbayev first suggested the idea of creating a Eurasian Union in 1994 and numerous treaties were signed subsequently to establish the trading bloc. Founded in 2000, the EAEU has been operating as a customs union since 2011 and as an economic union since 2015.

On January 1 2015 a treaty entered into force which established a new form of integration within the territory of the former Soviet Union, comprising three member states – Belarus, Kazakhstan and Russia. The EAEU expanded to two new countries soon after: Armenia’s accession treaty came into force on January 2 2015, while Kyrgyzstan’s accession took place on August 6 2015. The main goal of the union is to establish a single market permitting the free movement of people, goods, services and capital.

EAEU and Intellectual Property

EAEU member states have identified the following priorities in the IP field:

- to establish supranational IP protection, along with an enforcement system;
- to establish judicial bodies and introduce out-of-court procedures for IP dispute resolution; and
- to create incentives for innovation and high-quality production.

A supranational IP protection system has nearly been completed – on June 27 2017 the US Chamber of Commerce held a customs and transportation committee meeting in Moscow during which the director of the Eurasian Economic Commission Entrepreneurship Development Department, Baurzhan Bekeshev, stated that both the EAEU Customs Code – which provides for the establishment of the EAEU Customs Register of IP Rights – and the Agreement on EAEU Trademarks, Service Marks and Appellations of Origin have already been approved by all member states and are now expected to enter into force in January 2018.

EAEU Customs Code and Unified Customs Register

The EAEU Customs Code aims to bring greater transparency into customs operations by creating a single-window system and introducing other mechanisms to accelerate and modernise customs procedures (eg, converting paper documents into electronic ones). The code revives the EAEU Customs Register of IP Rights, which has been operating since 2010. The register will be maintained by the Eurasian Economic Commission, a supranational body which supervises the integration process within the EAEU and which will exist alongside national customs registers.

The main advantage of the unified customs register is to avoid the unnecessary duplication of work and to centralise the administrative burden to one body – the Eurasian Economic Commission – which will manage the registration of trademarks, service marks, appellations of origin, and copyright and related rights in the unified customs register. Instead of addressing the customs authorities of each member state, a rights holder will be able to submit a request and other necessary documents confirming the rights in all EAEU member states directly to the Eurasian Economic Commission, which will then forward the information to the customs authorities of each member state.

When submitting an application to include an IP right in the unified customs register, rights holders should ensure that they have signed a power of attorney which is valid across the whole of the EAEU and that they have the exact same IP right registered in all EAEU countries.

Once the EAEU Customs Code enters into force, the electronic application system will be introduced and will significantly shorten waiting times – it will take 20 working days to process requests filed electronically, compared to 23 working days to process requests filed on paper.
Once entered into the unified customs register, an IP right will be under customs protection for two years, although this can be extended for subsequent two-year periods an unlimited number of times. Each extension should be claimed well before the previous period lapses. However, the total term of customs protection cannot exceed the term of protection of the IP right itself in the EAEU member state in which it expires first.

Requirements for including an IP right in the unified customs register are similar to those laid down by the national laws of the member states (eg, providing a list of known manufacturers of counterfeit goods bearing the trademark as the IP right in question). The Eurasian Economic Commission plans to allow rights holders to present not only official notifications as proof of IP infringement, but also internal data. This is due to a rise in situations in which rights holders do not have official notifications of shipments comprising counterfeit goods and are unable to trace their manufacturers. For example, a rights holder dealing with parallel imports is often able to prove the problem only by using internal data to illustrate the difference between the amount of goods officially authorised for sale and the amount actually present on the market. The Eurasian Economic Commission is expected to adopt detailed regulations on running the unified customs register, as well as on the entire process after the Customs Code enters into force.

**Regulation of Parallel Imports**

The principle of regional exhaustion of IP rights set out in the first version of Article 5 of the Protocol on Protection and Enforcement of IP Rights (Annex 26 to the EAEU Treaty) was altered to reflect the position supported and initially driven by Russia’s Federal Anti-Monopoly Service. The final version of the protocol amending the EAEU Treaty, adopted on May 29 2014, allows for the temporary application of the international principle of exhaustion to particular types of goods.

In urgent circumstances, each member state will be able to submit a request to the EAEU Intergovernmental Council to apply the international principle of exhaustion with regard to specific goods. The criteria for urgent processing has not yet been elaborated, but the protocol provides the following general guidelines that the international principle of exhaustion should apply:

- where the goods are not available in the internal market;
- where there is a shortage of goods in the internal market;
- where the goods are available but are overpriced; and
- in other cases, depending on the social and economic conditions and interests of the member states.

In each particular case the EAEU Intergovernmental Council is to consider the exclusion request and reach a consensus.

The liberalisation of parallel imports for a limited range of goods may not be favourable to rights holders, but it is not a new idea. The Russian government has launched a similar initiative to allow the parallel import of specific products (eg, spare parts for passenger cars and commercial vehicles). In addition, the parallel imports of pharmaceuticals has been a hot topic of discussion among rights holders and their representatives for some time. Nevertheless, the provision directly authorising parallel imports, even if only for a limited period, is unlikely to be welcomed. The only positive point is that the decision will be adopted by consensus and not by qualified majority, which is likely to take more time and effort. In addition, the protocol allows the rights holder to initiate the annulment of the decision adopted by the EAEU Intergovernmental Council, although the conditions and the procedure for this are still to be specified. Finally, the Eurasian Economic Commission claims that it will also elaborate a set of rules allowing the possibility of annulling such decisions.

**EAEU Trademark System**

The EAEU is also moving forward with the Eurasian trademark system, which will allow rights holders to obtain legal protection simultaneously in all member states by submitting one application – on paper or electronically – to any of the national offices of member states. In other words, they will be able to choose the receiving office. Trademarks, service marks and appellations of origin are to be registered in a single register, which will be administered by the Eurasian Economic Commission.

Therefore, the draft Agreement on EAEU Trademarks, Service Marks and Appellations of Origin (EAEU Trademark Treaty) does not require the establishment of a single office for the unified trademark system to function. The system is designed to create a unitary trademark which will coexist with national registrations.
According to the EAEU Trademark Treaty, an application can be filed in Russian or in any officially recognised local language together with a Russian translation (in the event of any discrepancy, the Russian version will prevail). A filing fee is to be paid to the receiving office and examination fees to all national offices separately.

At present, in order to obtain trademark protection in five EAEU countries an applicant must file applications at each national office. The unified system is expected to offer a faster and more affordable procedure because of lower costs and strict deadlines.

Trademarks which are not capable of being represented graphically are excluded from registration (eg, sounds or scents). Trademarks can thus consist of:
- words;
- letters;
- digits;
- pictures;
- holograms;
- colours and combination of colours;
- two-dimensional or three-dimensional forms; or
- any combination of these elements.

It will be possible to register collective EAEU trademarks. Applicants will be able to claim priority in accordance with the Paris Convention.

Each trademark application will undergo preliminary (formal) and substantive examinations, with the entire registration procedure due to take approximately one year. The receiving office is to complete the preliminary examination within one month of the filing date. If formal requirements are met, a decision establishing the application’s filing and priority dates should follow, as well as the publication of the trademark on the Eurasian Economic Commission’s website.

Following this, each EAEU member state is to conduct separate substantive examinations. The applicant will be invited to pay the official fees for the substantive examination according to the payment requests sent by the national offices. If the official examination fees are not paid to each national office within a month, the receiving office will issue a decision refusing the trademark application. If the official fees are paid, the receiving office will forward the application to the other national offices. However, all future correspondence with regard to the application is handled through the receiving office only, which will issue a decision based on the examination reports provided by the national IP offices. Again, the receiving office can be any of the national offices of the EAEU member states.

Any interested person may file an opposition within three months of the publication date. The receiving office should inform the applicant about the filed opposition and publish it on the official website within five working days after expiry of the three-month period. The applicant can file a response to the opposition within three months of being informed of it by the receiving office.

The substantive examination should be conducted within six months of the date that the receiving office sends the application materials to national offices. Each national office examines applications independently on both absolute and relative grounds for refusal and sends opinions to the receiving office. If no opinions are issued within six months, the national offices forfeit their right to refuse the trademark registration.

The receiving office will gather all national reports and issue a grant decision or an office action no later than 15 working days after the expiration of the six-month period. A response to the office action can be filed within the next three months, although a three-month extension is possible. The response should be sent through the receiving office to the national offices for further consideration. National offices must make a decision within one month, which can be appealed before relevant national appeal bodies. The appeals are to be considered within three months. If no appeal is filed within this time limit, the receiving office issues the final decision. If the appeal is filed in any member state, the receiving office waits until the appeal is considered and decided on by the national bodies.

The receiving office can issue the following types of final decision:
- a grant, if all national offices believe that the mark can be registered;
- a grant in respect of some goods or services, if at least one national office has refused the mark for certain goods or services; or
- a refusal, if at least one national office is against trademark registration in respect to all claimed goods or services.
In case of a grant, the registration fee should be paid to the receiving office within one month of the date of the decision’s receipt.

Before the issuance of the final decision, the applicant may opt to convert the EAEU trademark application into a national application, keeping the EAEU’s priority date. According to the draft EAEU Trademark Treaty, a national office should not charge an official fee for the conversion and examination of a new national trademark application. The same applies if the applicant has identical national trademarks in all EAEU member states – it can convert the national trademarks into the EAEU trademark.

Each EAEU trademark registration is valid for 10 years from the application date and can be renewed for 10 years an unlimited number of times.

All disputes arising from the EAEU trademarks are to be considered by national courts or national administrative bodies.

The draft EAEU Trademark Treaty provides for a three-year non-use grace period. Article 16.2 of the draft states that the EAEU trademark registration cannot be cancelled due to non-use if the rights holder, a registered licensee or an affiliated entity in any of the EAEU member states has used it. This provision is favourable to rights holders because it will be sufficient to prove use in one country only (eg, Russia), to keep the trademark right in force in all other member states.

The Eurasian Economic Commission will create and administer a database containing EAEU trademarks which will be available on its official website, along with specific rules governing filing and prosecution.

Conclusion

The unified system aims to establish more efficient mechanisms for obtaining protection for trademarks and appellations of origin within the EAEU and to improve IP rights protection at EAEU borders. The plan looks good on paper, but it remains to be seen how it will function in reality.

Rights holders should benefit financially. Even though all national offices will charge separate trademark examination fees, there will be only one filing fee and one registration fee. There will also be the possibility of streamlining the process by using one trademark attorney instead of five attorneys in different countries. Similarly, the EAEU Customs Register allows customs watch protection to be obtained throughout the region without investing in five different procedures.

Recordation of a customs watch application in all five EAEU countries is advisable because of the free movement of goods. It is insufficient to have a trademark entered into a register in one country alone as counterfeits will move freely within the EAEU.

At present, the main issue and goal for EAEU authorities is to absorb the best practices of the national authorities – both in terms of trademark prosecution and customs protection – and to set high performance standards. If this is achieved, the proposed supranational system should prove beneficial for rights holders.

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EU Trademark Law Reform: Second Set of Changes Enters into Force

While the first stage of the European Union trademark reform, introduced by Regulation (EU) 2015/2424, came into force on March 23, 2016, the second set of changes entered into force on October 1, 2017.

The first stage introduced a new name for the community trademark – European Union Trademark (EUTM), and for the Office for Harmonization in the Internal Market (OHIM), now called the European Union Intellectual Property Office (EUIPO). Many other aspects of the EUTM system were amended, including examination, opposition, cancellation and appeal proceedings and absolute and relative grounds for refusal.

The second stage introduces the remaining part of the amendments, which are mostly technical in nature. In the interest of clarity, a new codified version of the EUTM Regulation (Regulation (EU) 2017/1001) enters into force on the same day, accompanied by two pieces of secondary legislation – Implementing Regulation (EU) 2017/1431 and Delegated Regulation (EU) 2017/1430, containing detailed transitional provisions.

As of October 1, 2017, there are three main areas of change:

Removal of Graphical Representation Requirement

The new Regulation amends the definition of an EUTM by removing the graphical representation requirement. The condition ‘graphical’ meant that, previously, the mark had to be represented visually, particularly by images, lines or characters, provided that the representation was clear, precise, self-contained, easily accessible, intelligible, durable and objective (see Judgment of 12 December 2002, CJEU, C-273/00, Ralf Sieckmann v Deutsches Patent-und Markenamt). Although this requirement did not limit trademarks eligible for protection to only visually perceivable signs, it was devised with such signs in mind, complicating the filing of other types of marks and excluding some from protection.

For example, sound marks had to be represented on a musical stave (see Judgment of 27 November 2003, CJEU, C-283/01, Shield Mark Mark BV v Joost Kist h.o.d n. Memex) or with a sonogram accompanied by a sound file, according to a later EUIPO practice development, not confirmed by the CJEU. The graphic representation of movement marks had to be accompanied by a description explaining the movement for which protection was sought. Finally, in practice, it was impossible to represent olfactory signs in a sufficiently intelligible, clear, precise or objective graphical manner (see Judgment of 12 December 2002, CJEU, C-273/00, Ralf Sieckmann v Deutsches Patent-und Markenamt). The same applied to taste marks.

The new EUTM definition should make it easier to register a non-traditional trademark as long as its representation is clear, precise and the subject matter can easily be identified. In other words, signs can be represented in any appropriate form using any available technology. This, however, must not be at the expense of legal certainty. The Implementing Regulation (EU) 2017/1431 lists the most popular types of trademarks and their acceptable forms of representation and description. It is now possible to file sound, motion, multimedia and hologram marks by submitting an audio or an audio-visual file. The EUIPO has already determined the file formats it is going to accept.

Nevertheless, because of current technological limitations, it is still uncertain how the system will accommodate registration of smells, tastes, or haptic marks. The Implementing Regulation explicitly prohibits a sample or a specimen as a form of trademark representation.

Introduction of EU Certification Marks

While certification marks already exist in some EU countries’ national laws, the new Regulation introduces the registration of certification marks at EU level. These marks are defined as signs of supervised quality and their main function is to attest that the goods or services bearing them comply with certain certification requirements. Any person or certifying organization can determine the certification requirements and apply for a mark. The owner can then permit others to use it and control adherence to the requirements.

According to the Regulation, the EU certification mark must be capable of distinguishing the certified goods or services in respect of their mode of manufacture or performance, material, quality, accuracy or other characteristics. To avoid confusion with geographical indications, the Regulation prohibits the filing of certification marks for the purpose of
distinguishing goods or services in respect of their geographical origin. Another limitation, in this case intended to protect competition, is that the applicant must not carry on a business involving the supply of certified goods or services. In other words, the certification mark owner cannot use the mark but can certify others to use it.

Certification requirements must be outlined in regulations that the applicant files within two months from the trademark filing date. The regulations must include:

- rules on the persons eligible to use the mark;
- the characteristics to be certified by the mark;
- how the mark owner is to test those characteristics and to supervise mark use;
- the conditions of mark use; and
- sanctions.

The new Regulation also includes specific rules regarding grounds for refusal, obligation to use, transfer, revocation, invalidity and conversion, and regarding persons eligible to enforce EU certification mark rights.

**Procedural Changes**

Multiple procedural changes in the EUTM system also entered into force on October 1, 2017:

Cancellation proceedings have been aligned with opposition proceedings as much as possible and the admissibility and substantiation requirements have been reordered for clarity.

New online substantiation possibilities aim to eliminate paperwork. Namely, materials that are already available online in a source recognized by the EUIPO no longer have to be filed as separate documents. It is sufficient to make reference to the source where they can be accessed. The EUIPO will recognize a number of sources such as national and regional IPO databases and TMview. The change mainly eliminates the need to provide evidence of registered trademarks, GIs or similar signs. However, applicants will still have to provide translations of such documents.

New language and translation rules also aim to reduce the burden and costs of preparing and filing evidence. Substantiation evidence filed in an official EU language will no longer have to be translated into the proceedings language at all times, but only at the request of the EUIPO. This change does not affect filing, registration and renewal certificates, which still have to be filed or translated into the proceedings language.

New rules regarding the acceptance of belated evidence are also introduced. Namely, belated evidence must be supplementary and related to the same substantiation requirement. When accepting such evidence, the EUIPO is expected to take into account the stage of the proceedings, how relevant the evidence is for the outcome of the case and whether there are valid reasons for the late submission.

Another important novelty is the introduction of earlier rights, in both national and European designations of origin or GIs, as relative grounds for refusal of EUTM applications.

In actions based on EUTM registration by an agent or representative without the proprietor’s consent, it will be possible to request the EUTM assignment instead of its cancellation. Such requests will be examined during the same invalidity proceedings.

Any withdrawals, restrictions or requests for proof of use must be filed as separate documents, in order to make it easier to find such statements.

Acquired distinctiveness will be allowed as a subsidiary claim, allowing applicants to exhaust their right to appeal on inherent distinctiveness before having to argue and prove acquired distinctiveness. Currently, applicants can only argue acquired distinctiveness in their observations to an objection. This means that applicants have to gather and file evidence of acquired distinctiveness to use their only opportunity to claim it, even though they have not exhausted their right to appeal on inherent distinctiveness.
It will not be possible to file priority claims after filing an EUTM application; they must be filed together with the application, although supporting documentation can be filed within three months of the filing date. In addition, EUIPO will no longer examine priority claims during the formalities examination; they will only come into play in subsequent proceedings related to relative grounds.

EUIPO practices on suspension of surrenders and the closure/continuation of pending revocation or invalidity proceedings will be codified.

Hand delivery and deposit in a post box at the EUIPO will no longer be available.

Conclusion

The second part of the reform package covers mostly everyday procedural matters and makes it possible to protect a broader range of signs – non-traditional and certification marks. Businesses that wish to protect their audio-visual or non-visual branding have more convenient tools at hand to identify and claim such signs. They may consider filing new applications in order to take advantage of the newly created possibilities. National certification mark owners can now use the European route to file these signs and enjoy protection on the entire EU territory.

In order to facilitate their way through the significant quantity and diversity of substantive and procedural changes brought by the reform, rights holders and their advisors can make use of the detailed EUIPO guidelines and other resources related to the post-reform trademark practice.

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CJEU: Descriptiveness of a Common Element of EUTMs in One EU Language Not Sufficient to Rule out Confusion

In a judgment dated May 5, 2017, concerning an opposition case involving the EU Trade Marks (EUTMs) OUTDOOR and OUTDOOR PRO, the General Court (GC) considered the impact of the descriptive meaning of the term “outdoor” on the likelihood of confusion between the marks. T-224/16, ECLI:EU:T:2017:314.

Messe Friedrichshafen, a German exhibition company, filed an EUTM application for the figurative sign Out Door, for, among other things, arranging and conducting trade fairs and some related services in Class 35.

The application was opposed by El Corte Ingles, SA, a Spanish department store chain, on the basis of their earlier word mark EUTM OUTDOOR PRO, registered for identical and similar services.

The EUIPO Opposition Division upheld the opposition for certain services, and that was partially confirmed by the Board of Appeal (BoA). The applicant appealed before the GC, alleging that the term “outdoor” was descriptive for the services at issue, even for the part of the public in the EU not having a good command of English. The term “pro” in the earlier mark was also a weakly distinctive general term. According to Messe Friedrichshafen, by neglecting these circumstances as well as the visual differences between the two marks and the coexistence of similar marks, the BoA wrongly established likelihood of confusion.

The GC rejected the appeal and concurred with the BoA’s reasoning that the word element “outdoor” would not be understood by the non-English-speaking part of the relevant public. Similarly, a part of that public would not perceive the term “pro” as an abbreviation for “professional” or as meaning “for.” The GC concluded that, at least for the public that did not understand its meaning, the earlier mark was to be deemed distinctive to a normal degree. Therefore, the similarities between the marks were sufficient to establish a likelihood of confusion.

The decision demonstrates an important aspect of the EUTM system, which has to accommodate the national and linguistic diversities within the EU. A mark can have a meaning for a part of the EU public and be incomprehensible for the rest of the consumers. At the same time, it is more difficult to establish confusion among consumers where similarities between marks pertain solely to nondistinctive elements. Consequently, a risk of confusion among EU consumers exists if the marks are normally distinctive at least for the part of the public that does not understand their meaning.

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This article first appeared here in the INTA Bulletin and was reprinted with permission from the International Trademark Association (INTA).
The EU Commission is stepping up the fight against illegal content with Internet platforms

Discussions about copyright rules for the digital age are rising. In the last quarter of 2017, the European Commission ("EC") has been pretty busy to step up the fight against online piracy and counterfeiting; but online platforms also have a role to play. Indeed, hundreds of thousands of movies, TV shows, software and books are still available to download for free. In this article, we highlight some of the new proposals aiming at protecting copyright and ensuring that illegal content once taken down does not (too quickly) simply reappear.

How does the Commission plan to step up the fight against counterfeiting and piracy?

Apart from the copyright proposal reform adopted in September 2016, the EC recently published a number of important IP documents:

- A Communication paper on “Tackling Illegal Content Online - Towards an enhanced responsibility of online platforms”;
- A Communication paper on “A balanced IP enforcement system responding to today’s societal challenges”.

What are the EC Communications all about?

In a nutshell, the 1st communication was adopted to increase the proactive prevention, detection and removal of illegal content in the online environment. The EC proposes common tools to detect, remove and prevent the reappearance of such content online. These Guidelines also aim to provide clarifications to platforms on their liability when they indeed take proactive steps to detect, remove or disable access to illegal content.

The 2nd and 3rd communications provide for a comprehensive set of measures aiming at improving the way IPRs are applied and enforced across the EU. It supports the 1st recommendation. In particular, the EC calls on the tech industry to undertake further due diligence steps to combat IPR infringements.

What are the main new measures to ensure that copyright holders are well protected?

The 1st measure: The EC wants to deprive commercial-scale IP infringers, the 'big fish' rather than individuals, of the revenue flows that make their criminal activity lucrative (aka the "follow the money" approach).

Well, here, nothing new under the sun...

Indeed, instead of using legislation, the EC continues to support industry-led initiatives to combat IP infringements, including voluntary agreements on advertising on websites, on payment services and on transport and shipping. “Such agreements can lead to faster action against counterfeiting and piracy than court actions” said the Commission.

For instance, the Memorandum of Understanding (MoU) on the Sale of Counterfeit Goods via the Internet, signed in 2011 between the right holders and internet platforms, has already yielded significant results.

The 2nd measure: clarifying interpretation issues that have arisen in the application of the 2004 Directive on the enforcement of intellectual property rights (IPRED).

It’s a useful initiative.

The guidance provides clarification where there have been diverging interpretations on IPRED provisions in the Member States, not only based on the case-law of the EU Court of Justice but also on national "best practices".
The guidance makes it clear that the possibility to issue an injunction against an online platform on the basis of IPRED does not depend on the intermediary’s liability for the infringement (as under the E-commerce Directive). The guidance also explains that by means of such injunctions against intermediaries, national courts may issue injunctions imposing specific monitoring obligations.

Some of the measures in IPRED only apply to ‘commercial scale’ infringements. The guidance clarifies the concept of ‘commercial scale’ which should be interpreted taking into account qualitative elements, such as the commercial advantage of the infringements, and quantitative elements, such as the number/extent of the infringements.

Lastly, the guidance encourages the use of new instruments such as protective brief (defendant informs the court before an infringement case has formally been lodged) and dynamic injunctions (e.g. against repeat infringers).

**Finally, the 3rd measure:** The EC wants to explore the potential of new technologies such as blockchain to combat IP infringements in supply chains.

This is a totally new approach (but unfortunately no information is provided by the Commission...).

Blockchain technology, with its immutable characteristics and peer-to-peer review, could indeed be used as a registry/database of IP rights. Content creators may then decide to produce and license their new album in the blockchain and receive royalty payments via smart contracts, without having to deal with the chain of collection societies and publishing administrators.

“Dot Blockchain”, a blockchain-based music database with a codec and player that is tied to a blockchain in order to play content, is one example of a company using such technology to solve the piracy issues.

However, it remains to be seen how the piracy problems will be handled. Internet users still have plenty of ways to copy, record, and distribute content without the consent and compensation of its right holders.

**What are the main actions expected from online platforms?**

The EC proposes common tools to “swiftly and proactively detect, remove and prevent” the reappearance of illegal content online:

**Detection and notification**

Online platforms should systematically enhance their cooperation with the national competent authorities, whilst Member States should ensure that courts are able to effectively react against illegal content online.

To speed up detection, Internet platforms are encouraged to work closely with trusted flaggers, i.e. specialized entities with expert knowledge on what constitutes illegal content. Notices from trusted flaggers should be able to be fast-tracked by the platform.

Finally, online platforms should establish an easily accessible and user-friendly mechanism that allows their users to notify content considered to be illegal and which the platforms host. This should facilitate the provision of notices that contain an explanation of the reasons why the notice provider considers the content illegal and a clear indication of the location of the potentially illegal content (e.g. the URL address).

**Proactive removal**

It is emphasized that online platforms should do their utmost to proactively detect, identify and remove illegal content online. The EC strongly encourages online platforms to use voluntary, proactive measures aimed at the detection and removal of illegal content and to step up cooperation and investment in, and use of, automatic detection technologies.
Particularly fast removal is crucial in the case of illegal content where serious harm is at stake, for instance in cases of incitement to terrorism acts.

Very importantly, the EC emphasizes that when online services explicitly search for pirated materials, they won’t lose the benefit of the liability exemption provided for in Article 14 of the E-Commerce Directive.

In particular, the taking of such measures do not need to imply that the online platform concerned plays an active role which would no longer allow it to benefit from the said exemption. Whenever such measures lead the online platform to obtain actual knowledge or awareness of illegal content, it shall act expeditiously to remove or to disable access to the illegal information in question to satisfy the conditions required by law for the continued availability of that exemption.

**Prevention of re-appearance (Notice-and-stay-down approach)**

The EC strongly encourages the further use and development of automatic technologies to prevent the re-appearance of illegal content online. Where automatic tools are indeed used to do so, a reversibility safeguard should be available for erroneous decisions. Also, the use and performance of this technology should be made transparent in the platforms' terms of service.

Online platforms should take measures which dissuade users from repeatedly uploading illegal content of the same nature and aim to effectively disrupt the dissemination of such illegal content.

Access to databases that are used to automatically match and identify reappearing illegal content should be available to all online platforms (subject to compliance of any processing operation with applicable legislation on the protection of personal data and competition). Privacy policies of companies should include transparent information on processing of personal data in case of such databases.

Hash-based and other automatic filters are not new of course. Services such as Google Drive and Dropbox already have these in place and YouTube’s Content-ID system also falls into this category.

The Communication also calls for broader transparency measures (including on the number and speed of take-downs), as well as complaint mechanisms and other safeguards to prevent the over-removal of content.

**Possible legislative measures in a near future?**

Although these recommendations are non-binding, the EC expects online platforms to implement their Guidelines. Implementation will be monitored over the next months. If nothing is done by then, the EC threatens to impose binding legislation: “The Commission expects online platforms to take swift action over the coming months, (...) [and] will monitor progress and assess whether additional measures are needed, in order to ensure the swift and proactive detection and removal of illegal content online, including possible legislative measures to complement the existing regulatory framework. This work will be completed by May 2018”.

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Trademark Protection - Essential Requirements

Distinctiveness

Meaning

Distinctiveness is the essence of and cardinal requirement of a trademark. "Distinctive" in relation to a trademark, means a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others, or is adapted to distinguish them.

The concept of distinctiveness is not static since distinctiveness may be acquired as the mark is used. Acquired distinctiveness is also called secondary meaning. Conversely, a mark which was inherently distinctive or which has acquired distinctiveness can lose its distinctiveness. For example, if a trademark owner communicates an inappropriate message to the public, this may cause a loss of distinctiveness.

Importance

In determining whether two trademarks are confusing, the court or the Registrar must consider, among other things, the inherent distinctiveness of the trademarks in issue and the extent to which they have become known. A mark which is strongly inherently distinctive will only refer the consumer to the goods or services in issue. Typically, such a mark will be a unique coined word. A mark with less inherent distinctiveness will refer the consumer to other sources of goods or services.

Currently the Registrar of Trademarks may not directly refuse an application to register a mark based on lack of distinctiveness but an application maybe opposed on the ground that the applied-for mark is not distinctive. The registration of a trademark may be found to be invalid if the trademark is not distinctive at the time that the proceedings bringing the validity of the registration into question are commenced.

The Test

A trademark is actually distinctive if the evidence demonstrates that it distinguishes the good or service it is registered for use in association with from the goods or services of others in the marketplace. Generally, three conditions must be satisfied to show distinctiveness: (1) the mark and the goods or services are associated or linked; (2) the owner uses the association or link between the mark and its goods or services and is selling the goods or services; and (3) the association or link enables the owner of the mark to distinguish its goods or services from that of others. The message actually given to the public is critical. The name which appears on the address line on product packaging will be important.

The Future

When the outstanding amendments to the Act are brought into force in early 2019 the nature of an examination of an applied-for mark will change. During the examination of a pending application an examiner may consider the distinctiveness of the applied-for trademark and issue an examiner's report refusing an application on the ground that the mark is not distinctive.

In addition, an examiner can require that the applicant file evidence establishing that the trademark is distinctive at the filing date if the examiner's preliminary view is that the trademark is not inherently distinctive. After considering the evidence, the examiner must restrict the registration to the goods or services and to the defined territorial area in Canada in which the trademark is distinctive.

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THE EVOLUTION OF FASHION FROM PAST HERITAGE TOWARDS THE DIGITAL FUTURE – INTELLECTUAL PROPERTY, CONTRACTUAL AND CORPORATE ISSUES

FRIDAY, SEPTEMBER 14, 2018

MILAN
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Seminar organised by the UIA
Introduction

The world of fashion is a fast-moving business. Young designers are inspired by the creations of their predecessors in past decades. We will take a look at the legal issues facing fashion businesses and fashion designers in creating new designs which make their collections new and exciting whilst not losing the pedigree of an established fashion house, moving from the use of historical archives to the creation of protectable intellectual property and the secrecy of new collections and trade secrets to the digitisation of archives and the production, launch and distribution of new collections in the marketplace as well as the particular challenges and threats of e-commerce.
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