Dear ABA-IPL Members;

Welcome to the April 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 April 2017 Newsletter

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The Surprising Impact of the Terms of the Google AdWords and AdSense Programs on a Claim of Infringement

A recent U.K. case dealt with a claim for trademark infringement relating to the use of a domain name and the impact of the Google AdWords and AdSense programs on the claim as well jurisdictional issues.

The Facts

In Greek mythology, Argos was the short name of Argus Panoptes, an all-seeing giant, and a servant of Hera. When he was killed, as a constant reminder of his foul murder, or as some say of his loyalty to her, Hera placed Argos’ eyes in the tail of the peacock.

In modern times, “Argos” has become a popular name for companies all over the world. The evidence in this case included a list of over 100 registered “Argos” domain names, and a list of about 100 registered trademarks comprising or including the word “Argos”, which (a) related to a wide range of designated territories, (b) were not associated with either of the parties, and (c) appeared to belong to a substantial number of different companies, many of which have names which comprise or include the word “Argos”.

Argos Limited, (the Plaintiff) is a very substantial UK based retailer of non-food consumer products, which began trading in 1973 through both catalogues and retail stores. The Plaintiff operates primarily in the UK and the Republic of Ireland under the mark ARGOS for which it has EU registrations. On January 8, 1996 it registered the domain name <argos.co.uk> and launched an e-commerce website in 2004. The Plaintiff’s sales in 2015 were in excess of £4bn. It was not in dispute that the ARGOS trademark is extremely well known to a substantial proportion of consumers in the UK and Ireland in relation to the provision of catalogue and store and internet based retail services.

Argos Systems Inc. (the Defendant) is a company incorporated under the laws of the state of Delaware, USA, in 1991. The Defendant carries on business from its headquarters in Bedford, Massachusetts, providing computer aided design systems for the design and construction of residential and commercial buildings. The Defendant’s sales were about US $25M between January 1995 and July 2014. The Defendant registered the domain name <argos.com> on January 8, 1992, and uses it in conjunction with a commercial website and for email. The Defendant carries on business only in North and South America: It has no clients in the EU, and has made no attempt to enter the European market.

Google

Google operates two internet advertising programmes. Under the Google AdWords program Google offers services to advertisers. Under the Google AdSense program, Google offers website operators the opportunity to contract with it for the provision of space for advertising on their websites. Google refers to advertisers who sign up to Google AdWords as “Customers”, to advertisements as “ads”, and to the website operators as “Partners”. Google explains how these programmes work as follows:

“The Google AdWords program enables you to create advertisements which will appear on relevant Google search results pages and our network of partner sites. … The Google AdSense program differs in that it delivers Google AdWords ads to individuals’ websites. Google then pays web publishers for the ads displayed on their site based on user clicks on ads or on ad impressions, depending on the type of ad.”

The Plaintiff was a “Customer” and the Defendant was a “Partner” for purposes of these programs. At all material times under to the terms of the programs the Plaintiff granted not only to Google but also to the Defendant such rights as were necessary for Google and the Defendant to operate Google’s programmes.

The Defendant’s Website

At all material times the Defendant’s website received substantial traffic from visitors from the U.K. In fact close to 90% of all visitors were from the U.K. but the vast majority of them leave the website very promptly.

In January 2012 the Defendant introduced a version of its website which featured two different versions of the landing page. The Defendant used geo-targeting source code to ensure that the version of the site which included the AdSense ads was not displayed to visitors from the Americas but the ads were displayed to all other visitors regardless of their location.
By participating in the Google AdSense programme between about December 2008 and September 2015, the Defendant was able to generate advertising revenue from visitors to its website, many of whom were visiting that website in the mistaken belief that <argos.com> was the website address of the Plaintiff. A number of the advertisements which were placed on the Defendant’s website in this way were for the Plaintiff’s business, and such advertisements were placed on the Defendant’s website by Google as a result of the Plaintiff’s participation in the Google AdWords programme. The Defendant contended that these mistaken visitors caused serious bandwidth and other problems and real expense for the Defendant. The ads generated about US $100,000 in revenue for the Defendant who contended that it used this sum, in part, to offset the costs of the bandwidth and infrastructure modifications needed to host its website.

The Claim

The Plaintiff alleged infringement of its EU trademark registrations in respect of the use by the Defendant of the sign ARGOS in the form of the domain name <argos.com> and on Defendant's website. The Defendant filed a counterclaim which sought declarations of non-infringement in respect of both current and historic versions of Defendant's website. As is the case in Canada if the plaintiff has consented to the defendant’s use of its mark this will be a defence to a claim for infringement. The Defendant contended that the grant of rights given by the Plaintiff in the AdWords terms constituted consent to the display of the Plaintiff’s advertisements by Partners, including the Defendant, on websites which are selected by Google to form part of the AdSense programme. This was subject to the Plaintiff exercising the right under the AdWords programme to opt out of having its advertisements placed on Partners’ websites in general or on the Defendant’s website(s) in particular.

The judge found that the Plaintiff expressly and unequivocally consented to the Defendant’s use of the trademark ARGOS in the Defendant’s domain name, together with the display of the Plaintiff’s advertisements on the Defendant’s website or on the AdWords terms.

The Defendant also asserted that it had not performed any act within the territory of the Plaintiff’s rights, because the Defendant’s website did not target consumers in the UK or the EU. Presumably by defending the action the Defendant waived the right to assert that the court had no jurisdiction but leaving that aside it is clear the rights associated with trademark are territorial and limited to the E.U.

The judge reviewed in great detail the cases in the U.K. and the E.U. dealing with targeting. He found that that there is no hard and fast rule that it was necessary to have regard to the entirety of the website, as opposed to, say, the landing or home page alone. It all depends on the circumstances. If the evidence shows that some part of the website is so configured as to attract a substantial number of UK users, it may be appropriate to have regard to that part of the website alone, even if, viewed globally the website is clearly not directed to UK users.

The judge disregarded the display of the Google ads because of his finding of consent. He concluded that it was clear that Defendant’s website was visited by many internet users based in the UK not only when ads were displayed on it but also before any ads were displayed on it, and that this had continued after ads were removed from it. This was overwhelmingly a product of mistake, and, to a significant extent, was due to UK users guessing or assuming that the <argos.com> domain name was owned by the Plaintiff. This traffic arises because the Defendant, entirely lawfully and properly, registered the <argos.com> domain name in 1992 either before the Plaintiff thought of registering a domain name at all, which it first did in 1996 or at least before the Plaintiff thought of registering <argos.com> as its domain name or one of its domain names. It did not arise because the Defendant had done anything to attract internet users based in the UK to its website.

As a result the action was dismissed and the counterclaim allowed.

Comment

The effect of a foreign trader’s use of Google advertising in the context of determining whether the trader has targeted a specific country does not appear to have been previously considered by a court. Because of the wide spread use of the Google programs this is an important and potentially far-reaching issue.

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Getting a Handle on Israel Design Registration

Although there is a proposed Law in the works, in Israel, design registration follows the somewhat archaic Patent and Design Ordinance 1924 inherited from the British Mandate. Formally, only local novelty is required! In a Circular, Previous Commissioner Dr Meir Noam creatively interpreted the Law such that Internet publication in official Patent Office websites that are acceptable in Israel would be considered as published in Israel. As discussed in this blog, that Circular is arguably ultra vires in that such a determination arguably requires at least Ministry of Justice regulations if not a change in the Law. The present ruling by Outgoing Commissioner Kling relates to this Circular.

This ruling concerns seven design registrations - 55598 to 55604 - all of which were titled 'Handle' and were filed on 20 May 2014 in class 08-06 for handles and hinges by Furnipart.

On 22 March 2015, the Applicant received an Office Action that alleged that the design were lacking in the novelty and originality required by Section 30(1) of the Patent and Design Ordinance 1924 since the designs were identical to those registered in the name of the Applicant in Europe which were registered and published prior to submission of the Applications in Israel.

In addition to the 55602 registration that was submitted to the EPO on 18 October 2013 and which published on 15 November 2014, all the applications were submitted on 21 February 2014 and published on 26 March 2014.

The Applicant failed to respond to the Office Actions in the period specified in Regulation 28 of the Design Regulations, and on 23 June 2015, a reminder was sent warning the Applicant that failure to respond within 30 days with a request for a retroactive extension would lead to the applications being considered abandoned.

On 10 August 2015, the Applicant sent a response in which he claimed that the designs were, indeed registered in Europe, but apart from the publication on the EPO website, there was no publication in Israel. The Applicant claimed that the Israel Application was filed within the six month time frame of the European filings which is within the grace period from the first filing (Denmark) given in Section 52a(1) of the Ordinance. Consequently, the European filing date should be considered the effective filing date in Israel.

On 13 August 2005, the Applicant was sent a notice that stated that further examination required payment of the extension fee, and which referenced Circular M.N. 69 from 25 December 2008 and to Section 53(2) of the Ordinance, noting that the Applications did not, claim priority.

On 9 September 2015, the Applicant was sent a second Office Action clarifying that under Circular M.N. 69, an Internet publication is considered as a publication that is published in Israel and so the Applications are contrary to Section 30(1) of the Ordinance. Similarly, it was noted that priority was not requested within two months of submission as required by Section 52(2) and so the effective filing date was the actual filing date in Israel.

On 15 December 2015 in light of the rejection of 9 September, the Applicant requested a hearing and this was gend on 18 April 2016.

Prior to the hearing, the Applicant submitted his main pleadings on 11 April 2016., during which he reiterated the above claims. He also alleged that Circular M.N. 69 differentiates between official and commercial publications and the European Patent Office publication was not meant to be published in Israel, even if it is accessible on line from Israel since the Israel design is not in force. Based on this 'logic', the Applicant claims that he is within the requirements of Section 52(a)1 of the Ordinance since there is a six month's grace period.
The Ruling

Section 30(1) of the Ordinance states:

*The registrar may, on the application made in the prescribed form and manner of any person claiming to be the proprietor of any new or original design not previously published in Israel register the design under this Part.*

So registration is contingent on no prior publication in Israel.

In Section 6 of Circular M.N. 69 from 24 December 2008, the previous Commissioner ruled that:

*One can cite designs that have published on the Internet before the filing date in Israel, since there is evidence of their publication date.*

To cite something against novelty of a design, section 7 of M.N. 69 relates explicitly to publications in patent offices abroad.

*Use of Internet publications shall be done with the required care and only where the Examiner considers that he can rely on it indeed having published prior to the Israel filing date. For example, publication in databases in the official European patent office website OHIM, the USPTO and WIPO, etc. which publish the publication date of each design. As far as relying on Internet publication, Examiners have been warned to cite these with due care – see the 51593 and 51594 Tequila Cuervo ruling from 9 June 2013, particularly paragraphs 44 and 45, and the ruling concerning various designs to Naot Shoes (1994) ltd published on 1 June 2016.*

The same required care regarding the publication date, content and likelihood of Israel based surfers seeing the publication was considered in paragraph 10 of the 45452 Sejec Vanja ruling published on 28 February 2012:

"The law regarding prior publication in a book of this type is based on the book being found in a place accessible to the public, such as a public library is considered sufficient publication, since one can assume that in this manner, the design reaches the public knowledge."

In light of the above, one cannot accept the Applicant's allegation that the previous publications are not novelty destroying, since reason that Patent Office Internet accessible databases are considered publications is the ease with which one can verify the publication date. This is certainly the case where the applicant does not deny the trustworthiness of the site and of the listed publication date, only whether Israelis would have access to inspect there.

Priority Date

The Applicant claims that despite the earlier publications that are novelty destroying for the applied for designs, the effective filing date in Israel should be considered as being the actual filing date in Europe.

Section 52(a) states:

*If a design owner submits a request to register a design that has previously been filed by himself or by his predecessors in title, a request to file in one or more friendly states (henceforth priority), he may request that as far as sections 30(a) and 36 are concerned, that the earliest priority date will be considered the filing date in Israel if all the following conditions are met:*  

1. The Israel Application is submitted within six months of the earliest priority; and  
2. A priority request is submitted within two months of filing.

Firstly, it is stressed that contrary to the Applicant's claims, Section 52 that the priority date is determined with reference to Sections 30(1) and 36, i.e. with respect to novelty and earlier publication. This does not mean that where a priority claim is made, that the Israel application automatically is awarded the priority date.
In this instance, the previous applications were filed on 21 February 2014 and then in Israel on 20 May 2014, i.e. within the six months grace period for which a priority request can be made. However, filing within six months of the prior application is insufficient since the second clause requires that the Applicant makes a priority claim within two months of the Israel filing date.

On 21 October 2014, this two month period for requesting priority in Israel passed, the period for which the application can rely on the filing date of earlier applications with respect to Sections 30(1) and 36 passed without Applicant requesting priority.

The Commissioner does not agree with the Applicant that the mere filing of an Application in the period provided for in clause 1 is sufficient since Section 52 requires both conditions to be fulfilled: filing within six months and making a timely request for recognition of the priority date. These conditions are complimentary – section 52(a) states explicitly that it applies if all the following conditions are met. One condition being fulfilled does not waive the other. So there is consensus that merely filing within six months does not result in priority being recognized.

Since the full requirements were only met a year after the two month deadline, the Applicant is not entitled to the priority date.

In the hearing, the Applicant’s representative noted that section 54 gives the Commissioner the discretionary powers to extend deadlines in the regulations even retroactively. The Commissioner considers that this regulation does not give him the power to extend deadlines in the Ordinance itself, including extending the priority claim. The Application is rejected and the designs will not register.

**Ruling concerning Design Numbers 55598 to 55604 "Handles" by Asa Kling, 21 February 2017.**

Dr. Michael Factor, IP FACTOR, Israel

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European Commission outlines next steps towards new EU rules in robotics

Robots will one day live among us. That’s not a secret anymore. Just like couples, when people live or work together, a legal framework is required or at least, highly recommended. Even better if it can be adopted at the EU level. Indeed, robots, drones, smart cars, etc. raise numerous liability issues, but not only. In February, the European Commission voted in favour of a new proposed legislation. But is the law ready for it?

You are certainly a big fan of the HBO’s sci-fi/western drama TV show : “Westworld”; the amusement park where robots and humans live together, until the day a “bug” disrupts the robots and detracts the functioning of the park. This park is perhaps the European Union of tomorrow... (and I’m not talking about Brexit) ; an anticipative legislative instrument in robotics would therefore be welcome.

Recently, the European Parliament's Committee on Legal Affairs ("JURI") asked the European Commission in a Report to look at new EU-wide rules in robotics. On February 16, 2017, the European Commission voted in favour of this future legislative instrument. Exciting, right!?

What’s in this future legislative instrument?

A proposal for a directive on civil law rules

The Report notes that several foreign countries (including the United States, Japan, China and South Korea) are considering regulatory measures in the field of robotics and artificial intelligence. But the EU wants to lead the race on setting these standards, so as not to be forced to follow those set by third countries.

In that regard, it asks the Commission to submit a proposal for a directive on civil law rules on robotics. The purpose of this future instrument would be to establish "general and ethical principles concerning the evolution of robotics and artificial intelligence for civilian use".

A legal status?

When self-learning robots arise, different solutions will become necessary. One could be to give robots a limited “e-personality” (comparable to "corporate personality", a legal status which enables firms to sue or be sued) at least where compensation is concerned mentioned the Report.

The establishment of a new Agency and a Charter on Robotics

More specifically, a European Agency for Robotics and Artificial Intelligence, to provide public authorities with technical, ethical and regulatory expertise.

The Agency will also have to manage the registration of robots. It will also be necessary to create a system for recording advanced robots on the basis of robot classification criteria for traceability purposes and to facilitate the implementation of subsequent recommendations.

And also a Charter that will include (1) an ethical code of conduct for robotics engineers, (2) a code of ethics for research ethics boards, and (3) a set of licenses for designers and users.

It should be noted, for example, that the Code of Ethical Conduct will lay the foundations for the identification, monitoring and observance of fundamental ethical principles (e.g. robots should not harm humans). Users will also not be allowed to modify robots to use them as weapons.
Rules on liability

The report stresses that the behaviour of a robot could have civil law implications, both in terms of contractual and non-contractual liabilities.

In contractual matters, the rules must be updated. Indeed, they are not made for a robot to choose, for example, a co-contractor, negotiate provisions, conclude an agreement, etc.

In non-contractual matters, the rules are simply incomplete. Directive 85/374/EEC only covers damage caused by manufacturing defects of a robot, provided that the victim can also demonstrate the fault, the damage, and the causal link between the fault and the damage. The fault will consist in a breach of an obligation of safety. Consequently, the damage caused by a robot as a stand-alone system with adaptive and learning abilities is not targeted. Indeed, these robots will draw experiments, varying from one to the other, and will interact with their environment in a unique and sometimes unpredictable way.

In other words, the rules in force only cover cases where the cause of action or inaction of the robot can be identified as attributable to a specific human actor (manufacturer, owner, designer, or user) and where that actor could have anticipated and therefore avoided the damaging behaviour of the robot. It's not sufficient.

Rules on protection of data and privacy

Robots will collect and process personal data (without necessarily informing a user). This could be problematic. The owner of the robot will have to ensure the security and the confidentiality of the personal data stored by the robot.

In Belgium, the law governing the processing of personal data and the respect for privacy is the Law of 8 December 1992 on the protection of privacy in relation to the processing of personal data. This Law aims to protect individuals against abuse of their personal data. For instance, if the robot owner does not notify all personal processing operations involving the data recording and storing of the robot to the Belgian Privacy Commission, prior to carrying out the processing operations, he will be subject to a criminal penalty.

The report considers that "an informed consent of the person should be sought and obtained prior to any human-machine interaction". In practice, it remains to be seen how this will be put in place.

The Code of Ethical Conduct also seeks to ensure respect for privacy and data protection in accordance with Articles 7 and 8 of the Charter and Article 16 TFEU.

The Commission will need to examine the rules and criteria for the use of cameras and sensors in robots and to ensure that data protection principles such as “privacy by design” (an approach to systems engineering which takes privacy into account throughout the whole engineering process) are respected.

Rules on intellectual property

Similarly, who will own the flow of data and know-how resulting from the use of robots? Should a new criteria be "own intellectual creation" be applied to works created by robots?

Also, how can robots be protected under intellectual property law? Will the software used to operate a robot be patentable?
What about the job market?

The Report emphasizes the need for increased surveillance of robots evolution in the field of employment in order to avoid negative repercussions on this market. For example in the health sector, “care robots”, to which the most vulnerable people can become emotionally attached, would be a source of concern for human dignity and other moral values.

Robots will not replace humans; there will be a cooperation between both. For this reason, the Report emphasized on the need of a so-called robot tax. But the proposal to impose such a tax was rejected by the Parliament. One of the arguments was that such a robot tax would have had a very negative impact on competitiveness and employment with other countries.

Conclusion

Since robotics and artificial intelligence represent technological innovations, which will profoundly modify our societal structure, the need for changes in law is required.

For once, the EU Parliament would like to set common European principles and a common legal framework before every member state has implemented its own and different laws. Indeed, in order for the European Union to remain a leader in research in robotics and artificial intelligence, and to compete with other countries in this emerging market, a legal framework was required.

Now, we have to wait for the European Commission to act accordingly and to propose a directive. However, the Commission will not be obliged to follow the Parliament’s recommendations, but must state its reasons if it refuses. Stay tuned!

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Judicial Precedents and their reflexes in arbitration proceedings after the New Brazilian Civil Procedure Code

In March 2016, the New Brazilian Civil Procedure Code (NBCPC) came into force, bringing several changes aimed at increasing the effectiveness, speed and reliability of litigation.

Among the most important features are the consolidation of the gradual prestige given to the Judicial Precedents, creating systems and procedures that bind the Judge to certain understandings consolidated by the Supreme Courts of the country (article 927 of NBCPC / 2015). Here we will call such decisions as Binding Judicial Precedents.

The subject matter has been generating intense discussion among legal scholars, as well as before Brazilian Courts. There are scholars who believe that there has been an undue withdrawal of the autonomy of the judges and, on the other hand, those who defend the change as an important instrument for reliability and predictability of court rulings.

And the central point of the present article is to discuss specifically the reflexes of this novelty in the arbitration procedures based in Brazil. Are the Arbitrators and their decisions obligatorily bounded to the Precedents and Binding Precedent edited by the Federal Supreme Court? Here again, there is great divergence on the Brazilian legal doctrine.

The discussion certainly affects relations involving industrial property, franchise operations and other sections of the intellectual property, considering that, in Brazil, Arbitration is increasingly chosen as a faster and more reliable path for resolving conflicts.

The Brazilian Arbitration Law (Law No. 9,307 / 1996) provides in its article 2 that "at the parties' discretion, arbitration may be at Law or in equity." In other words, the parties may decide whether the Arbitrator will decide according to his sense of justice or whether he should follow the limits of the Law and other sources of law.

The controversy occurs exactly when the parties choose to use Brazilian Law as a rule for a particular Arbitration Procedure.

This is because the Arbitration Law and the NBCPC provide that the decisions on the merits from an Arbitral Tribunal are equivalent to the judicial sentences and, for this reason, according to some scholars, all the requirements set forth in Article 489 of the NBCPC must be applied – including the obligation to follow the Binding Judicial Precedents related to the case, under penalty of nullity of the decision for violation of Article 489, Paragraph 1, VI of the NBCPC.
It is a coherent and logical reasoning, especially when considering that the Brazilian Law sees Arbitrators and Judges as equals, so, theoretically, their decisions must follow the same requirements of the decisions rendered in regular lawsuits.

However, there is another relevant line of thought, arguing that, although the Binding Judicial Precedents shall be applicable to Arbitration proceedings, its non-application *per se* does not implicate on the nullity of the arbitral award.

In other words, the Arbitrator has only a legal obligation to justify his understanding of the Binding Judicial Precedent and its eventual non-application to the case.

If the Arbitrator does not follow the Binding Judicial Precedent, but adequately grounds his decision, although in questionable terms from a technical-legal point of view, the defenders of this line of thought understand that it does not constitute an hypothesis of nullity of the arbitration award.

According to these scholars, allowing judicial review of an Arbitral Award for non-application of a Binding Judicial Precedent would characterize a true appeal on the merits to the Judiciary, violating the so important arbitral autonomy provided by Brazilian Laws.

Our opinion tends to agree with this second line of thought. The NBCPC did not bring a new cause of nullity of Arbitral Awards for the eventual non-application of Binding Judicial Precedent, but the path which will be followed by Brazilian Courts is still to come.

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When can you have too much of a good thing?

More than one independent claim in the same category (e.g. more than one product claim or method claim) can cause problems when prosecuting patent applications before the European Patent Office (EPO). Below we consider strategies for dealing with this, both pre-filing and post-filing.

Rule 43(2) EPC states that a European patent application may contain more than one independent claim in the same category (product, process, apparatus, or use) only if the subject matter of the application involves one of the following:

a) a plurality of inter-related products
b) different uses of a product or apparatus
c) alternative solutions to a particular problem, where it is inappropriate to cover these alternatives by a single claim.

It is not unusual to receive applications for filing before the EPO which include many independent claims in a single category. If the European patent application is the European regional phase of a PCT application, the applicant is confined to amendments that do not add subject matter to the application as filed. Sometimes this can be tricky to handle when the independent claims are very similarly worded but slightly different.

So what to do?

Pre-filing

We get many cases where the multiple independent claims in a given category are of the form (i) A + B + C (ii) A + B + D (iii) A + B + E. The common features are A + B. If this is novel, include wording that covers the option of just A + B without C, D or E. Otherwise, before the EPO, it will not be possible later to broaden out to just A + B if this has not been clearly described in the application as filed as being a possible embodiment without requiring either C, D or E.

Also, if C, D and E are related (say alternatives of a generic feature) include in the description some wording so that there is basis for a claim with the generic wording. A claim to this effect is also advisable.

Sometimes the wording A + B + C and A + B + D is, in effect, covering the same scenario but in slightly different wording. Unless it is possible to persuade the EPO that the two claims fall within the exceptions listed above (and in non-chemical cases this is often not possible), then it is unlikely that both claims would be allowed to proceed in the same European patent application. If all independent claims are to be retained in the European patent application on filing, always try to list first the claim that has the wording of most commercial interest as, by default, this will be the claim that the EPO searches if it issues a communication saying that it cannot carry out a full search on all the claims.

Post-filing

Once the European patent application has been filed, either directly with the EPO or via the PCT route, the options for amendment are severely limited, in particular by the issue of possible added subject matter (Article 123(2) EPC), which is interpreted strictly by the EPO as compared with the USPTO. In this case, the applicant may have to decide which of two similar wordings is of most commercial value and abandon the other wording.

If there are multiple independent claims in a given category, the EPO may raise a unity of invention objection and, if so, an applicant can elect to pay additional search fees to have some or all of the remaining claims searched. This will leave the applicant's options open as to which claims to pursue in the present application and which in any subsequent divisional application (as an applicant can only amend to subject matter that has in effect been searched).

Unity of invention objections are common in the chemical field. However in the field of software and IT, it is very unusual to see a unity of invention objection raised where the wording of independent claims in a given category is similar but is not distinct enough to define two separate concepts. Because of this, an application can get stalled at the initial stages.

For instance, the EPO may issue a communication under Rule 62a EPC stating that the claims as filed do not comply with Rule 43(2) EPC as given above. In this case, the applicant must indicate an independent claim in each given category on the basis of which search is to be carried out.

If the applicant does not provide this indication, the search is carried out on the basis of the first claim in each category.
The applicant will then have to restrict the claims to the subject matter that has been searched. The applicant is not provided with the opportunity to pay additional search fees in respect of the unsearched claims and so the applicant's options for amendment become limited.

Alternatively the EPO may issue a communication under Rule 63 EPC, stating that "the EPO considers that the European patent application fails to such an extent to comply with the convention that it is impossible to carry out a meaningful search regarding the state of the art on the basis of all or some of the some of the subject matter claimed". In response, the applicant may not amend the claims but must file a statement indicating the subject matter that is to be searched.

The applicant will then be limited to claims and amendments that fall within this statement. If no statement is filed, the EPO may search the first claim or simply issue a declaration that a meaningful search cannot be carried out and the application stalls, as the EPO will only examine claims that have been searched. Again, the applicant is not provided with the opportunity to pay additional search fees in respect of the unsearched claims.

Communications under Rule 62a or Rule 63 provide uncertainty all round since the search is delayed while these issues are dealt with. Also, in particular in response to a communication under Rule 63 where no amendment to the claims is allowed, it can be unclear what the EPO is going to search or whether any search will be carried out at all.

**Conclusion**

- If possible, file a single independent claim in each of the required categories (product, process, apparatus, or use).
- If you have more than one independent claim in a given category put the one you consider of greatest value first so that this is the one that gets searched by default.
- Try to make any independent claims in the same category distinct in scope rather than similarly worded but slightly different.
- Another approach, if you wish to include more than one concept in the independent claims, is to have an apparatus claim to the first concept and a method claim to the second concept – this may result in a unity of invention objection being raised by the EPO and the opportunity to pay further search fees in respect of the second independent claim.
- Include the different wordings that would otherwise have been in multiple independent claims within the body of the description of the application as alternative wording that may be referred or amended to during examination.

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The Federal Court Makes it Clear that the Commercial Circumvention of TPMs will Not be Accepted

A recent decision of the Federal Court has enforced technical protection measures under the Copyright Act. This is the first decision to do so.

Background

Both the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty as well as Anti-Counterfeiting Trade Agreement provide that the contracting parties must provide adequate legal protection and effective remedies against the circumvention of technological measures that are used by authors, performers or makers of phonograms in connection with the exercise of their rights and that restrict acts in respect of their works which were not authorized by the rights owner or permitted by law.

Canada is a party to the treaties and the Agreement and the sections of the Act dealing with technological protection measures (TPMs) were brought into force in late 2012 to allow Canada to fulfill its obligations under the treaties and Agreement.

Under the Act TPMs are defined as measures relating to controlling access (access control) or restricting the exercise of a right included within the rights available to a copyright owner (copyright control). The prohibitions applicable to circumventing technological protection measures apply to controlling access or copyright control.

In the access control context a TPM means any effective technology, device or component that, in the ordinary course of its operation controls access to a work, to a performer’s performance fixed in a sound recording or to a sound recording and whose use is authorized by the copyright owner. In this context “circumvent means” to descramble a scrambled work or decrypt an encrypted work or to otherwise avoid, bypass, remove, deactivate or impair the TPM, unless it is done with the authority of the copyright owner.

In order to satisfy these definitions the technology, device or component must be effective in the ordinary course of its operation to provide access control or copyright control as the case may be.

The Facts

Nintendo of America Inc., (Nintendo) initiated an application in the Federal Court and sought, among other things, a declaration that the individual and corporate respondents circumvented, offered services to circumvent, and trafficked in devices which circumvent Nintendo’s TPMs contrary to Act.

Nintendo is a famous video game company. It sells and distributes popular and well-known video games and video game consoles in Canada. The popularity and success of its video games are a result of substantial innovation, creativity, and financial investment into product development, intellectual property, and marketing. Each of its video games can take years and millions of dollars to develop.

Nintendo sells hundreds of video games for its consoles in Canada. These video games are sold as game cards and discs. Purchasers of genuine Nintendo video games can play these games on the appropriate Nintendo console by inserting the game card or disc into the corresponding console.

Nintendo owns the copyright in the header data on its game cards, which is a part of its TPM systems. The TPMs prevent users from playing unauthorized copies of video games and from installing unauthorized software, including counterfeit games and software, on Nintendo consoles. The physical configuration of some of its game cards utilize a specific shape, size, and arrangement of electrical connections that is specifically designed for use only with the respective console.

Nintendo also owns the copyright subsisting in its video games of which there are currently 585.

Nintendo asserted that since at least 2013, the corporate respondent has advertised and offered for sale, either through its websites or at its retail store, certain devices which were designed to circumvent the TPMs employed on the Nintendo gaming consoles. The individual respondent is the sole director and officer of the corporate respondent.
The application was initially heard by the judge in October of 2016 but there was not sufficient time to deal with the matter and it was adjourned to November 2016 to allow counsel for the respondents to present argument. In November the court was advised that Nintendo had entered into a settlement with the individual respondent and that counsel for Nintendo wished to proceed against the corporate respondent. The respondents did not present any evidence or cross-examine Nintendo’s witnesses and as a result the matter proceeded on an effectively uncontested basis.

**Circumvention of Technological Protection Measures**

The Act provides that no person shall

- circumvent a technological protection measure,
- offer services to the public or provide services if the services are offered or provided primarily for the purposes of circumventing a technological protection measure, or import, distribute, offer for sale or rental or provide — including by selling or renting — any technology, device or component if the technology, device or component is designed or produced primarily for the purposes of circumventing a technological protection measure.

The court found that the Nintendo TPMs were effective measures for controlling access to the Nintendo Games. In particular the physical configuration of the Nintendo game cartridges, including the shape of the card and the arrangement of the electrical pins, was designed to fit specifically into a corresponding slot on each of its consoles. Together they operate much like a lock and key and were effective in controlling access to genuine Nintendo Games.

The court also found that the respondents had directly circumvented Nintendo’s TPMs, offered services for the purposes of circumventing and trafficked in circumvention devices.

**Remedies**

The Act provides that the owner of the copyright in a work that has been circumvented is entitled to all remedies — by way of injunction, damages, accounts, delivery up and otherwise — that are or may be conferred by law for the infringement of copyright against the person who circumvented the work.

Nintendo elected for statutory damages and contended that statutory damages for TPM circumvention ought to be calculated on a per-work basis, i.e. each copyrighted work that the circumvention grants unauthorized access to attracts a separate award of statutory damages. Nintendo sought a range of statutory damages between $294,000 to $11,700,000 for TPM circumvention of the 585 different Nintendo Games, based on the statutorily mandated range of between $500 and $20,000 per work.

The judge emphasized the need for deterrence. He referred to the fact that Parliament had clearly indicated its intention to protect investments made by the creative industries, including specifically the video game industry. TPMs are important tools to protect these investments. An award of maximum statutory damages reflects the disproportionate harm that may be caused to copyright owners by those engaged in circumvention, as they provide access to entire libraries of copyrighted works while profiting from the investments of others.

In addition, there was evidence of recidivism by the individual respondent who has been involved in similar activities in the past. The respondent’s business also appeared to be dedicated to its circumvention activities. Further, the respondents continued to promote illegitimate activities such as piracy of television programs and circumvention devices for other platforms. All of this demonstrated an acute need for deterrence.

As a result the judge found that Nintendo was entitled to statutory damages of $11,700,000 for TPM circumvention in respect of its 585 Nintendo Games and $1,000,000 in punitive damages.

**Comment**

The court was not reluctant to grant relief for TPM circumvention in this case. The judge said that the court should not hesitate to award the maximum amount of statutory damages in cases involving serial business infringements. It is important for the court to make it clear that this type of infringement is unacceptable. However, the amount of statutory damages ordered to be paid may also be a function of the fact that the case was in effect uncontested.

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A Storm in a Coffee Cuo

This ruling relates to competing rights of different relatives to register and use trademarks for a family business that eventually split up. The marks were registered by a cousin living in Ramallah, and cousins living in East Jerusalem applied to have the marks cancelled on various grounds including passing off, misleading marks, inequitable behavior and lack of use.

Chain Stores of Izhiman Coffee Company own two trademarks: Israel Trademark No. 234876 for the logo shown alongside, and 234877 for the Arabic and English word mark بن ازحيمان ZHIMAN'S COFFEE.

Maazen and Shapik Izhimian applied to have the mark's canceled under Section 39 of the Trademark Ordinance 1972, and further under Section 41 for lack of use.

The mark was first applied for by Muhammad Musa H'alad Izhiman in January 2011, and after examination, was registered on 2 May 2012 for "coffee and coffee spices in class 30." On 27 February 2014, the mark was assigned to Chain Stores of Izhiman Coffee Company, a Palestinian Company based in Ramallah that was owned by Muhammad Musa H'alad Izhiman and his two sons Kassam and Nasser.

On 5 March 2014, the brothers Maazen and Shapik Izhimian who own a Jerusalem based business in Bet HaBad Street, for marketing and trading in coffee and spices under the name "Izhiman's Coffee" and who are cousins of Muhammad, submitted a cancellation request. In July 2014, the owners Chain Stores of Izhiman Coffee Company submitted their response.

The Background

Muhammad, his three brothers and the Applicants for cancellation are all members of the same clan, that were involved in the family business established by Musa, Muhammad's father, together with Mahmud, the father of Maazen and Shapik in the 1980s. The company had three addresses, the Ramallah address, the Jerusalem address now run by Maazen and Shapik, and a third branch in Abu Dis.

In 1994, Muhammad fell out with his brothers and nephews and received sole ownership of the Ramallah store. His three brothers and the nephews shared the Abu Dis and the Bet HaBad Jerusalem shops and opened a further outlet themselves in Ramallah. In 2000 the applicants for cancellation and Muhammad's three brothers opened a fourth branch in Salah-Shabati Salahadin Street in East Jerusalem. In 2008, these partners ceased to cooperate, and Maazen and Shapik were left with the Jerusalem Store in Bet HaBad Street.

Maazen and Shapik submitted an affidavit written by Maazen and a second one from Riyadh Ghazi Halaq, the owner of a coffee shop near the Bet HaBad address that buys his raw coffee from them. The mark owners responded with an Affidavit by Nasser Muhammad Musa Izhiman, Partner and authorized signatory. At the end of September 2016, the Adjudicator of IP, Ms Yaara Shoshani Caspi held a hearing and the witnesses were cross-examined.

The Statement of Case of the Applicants for Cancellation

The Applicants for Cancellation claim to have used the tray with finjan logo with the word's IZHIMAN'S COFFEE since 1980, and that they had a strong reputation with the population of East Jerusalem and its surroundings. They claimed that their father and uncle drew the logo in the 1950s and they had inherited the mark and the associated rights from their father Mahmud Izhiman.

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The Applicants for Cancellation claim that contrary to Section 8 of the Trademark Ordinance, the marks lack distinctiveness in that they are identical to the marks that they themselves have been using. Furthermore, the Applicants for cancellation claim that the application was filed in bad faith for defensive purposes only, with the intent of damaging the Cancellation Applicants' rights to continue use the marks. They claimed that when he filed his applications, Muhammad knew fully well about the ongoing usage of the marks by the cancellation applicant, and that he knowingly concealed this information from the Registrar of Trademarks. He then transferred the ownership to the current owners in a further act of bad faith.

The Applicants for Cancellation claim that the their marks are well-known and identified with them, and allowing the marks to remain in the register would create unfair competition and would mislead the public, contrary to Sections 11(6)
and 11(13) of the Ordinance. They claim that their clientele is the population of East Jerusalem who identify their goods by these marks stamped on their coffee products.

Furthermore, the Applicants for Cancellation claim that after the business collaboration broke down in 1994 and in the inheritance arrangements, there was an agreement between Muhammad, the Applicants and the rest of their family to the effect that they give up on all rights to the Ramallah store. According to the Applicants for cancellation, the agreement ONLY related to that store, and Muhammad gave up rights to the business conducted at the other addresses. The Applicants for Cancellation allege that Nasser's testimony is hearsay, and cannot provide evidence regarding the background to the agreement, since unlike his father Muhammad, he was not present at the time.

The Applicants for Cancellation allege that the marks owners never intended using the marks in good faith and never used them in good faith contrary to Section 41 of the Trademark Ordinance. They claim that the marks owners do not do business in Israel and were boycotting all Israeli Produce. They alleged that all stores of the mark holders are in the Palestinian Authority and that the mark holders have no business in Jerusalem. They further allege that all the advertising by the marks holders was aimed at the Palestinian population and not at the Israeli population.

As a second course of action, the Applicants for Cancellation have asked that Mark 263714 in their name be registered alongside the registered marks that they were applying to be cancelled, should their request for cancellation be unsuccessful.

The Mark Owners' Statement of Case

On behalf of the mark owners it was alleged that there is no argument that the parties have familial connections. However, the Applicants for Cancellation had failed to establish that they had sole rights to the mark in Israel. The registered owners emphasized that in July 1998 Muhammad had applied for trademarks that were similar to those now registered and in December 1999, Israel Trademark No. 120722 was registered in his name. There was certainly no arrangement of who had what rights prior to this registration.

The mark owners claim that the Applicants for Cancellation and Muhammad's three brothers applied for Israel Trademark No. 165652 in July 2004. This application was similar to the registered marks. It was rejected by the trademark department due to its similarity to TM 120722, previously registered by Muhammad. That application was abandoned, without any attempt to challenge the validity of the TM 120722 mark which is indicative of the lack of real interest by the challengers whose tardiness in now challenging the validity of the mark is noteworthy.

The mark owners appended a document in Arabic that was dated 3 October 1994 and titled "Notice as Affidavit. They claimed that in the framework of this document, the challengers gave up all rights to the Ramallah business and agreed that it was the sole property of Muhammad, but the document does not relate to the East Jerusalem addresses at all, or to any division of rights regarding the usage of the mark. Furthermore, the mark owners claim that Maazan was a partner in opening two further shops in Ramallah. They allege that this strengthens the ir claim that the agreement only related to one shop in Ramallah as stated above.

The mark owners claim that they invested heavily in promoting their goods in Israel under the registered mark. This investment included Arab radio stations that can be picked up in Israel, newspapers that are written and distributed in Israel, TV channels that are received in Israel, road signs, etc. Furthermore, the marks holders established an Israeli distribution company "Muhammad Izhiman and Partners, Ltd. that sells its goods throughout Israel. They allege that through the commercial success of their products, the Israeli public has learned to recognize their products and to identify them with the company.

The mark owners argue that the Applicants for Cancellation's accusations of their acting in bad faith should be rejected: Their allegations that the registrants participated in a boycott of Israel was not true and was an unjustified widening of their statement of case that first appeared in their summations. They noted that unlike patent law, the Israel Trademark Ordinance does not require them to inform the patent office regarding other applicants that use the identical or similar mark.

The correct time to allege lack of use was after three years from registration had passed. As this was not yet the case, this claim should be thrown out.
RULING

The proceedings for the cancellation of a mark is covered by Sections 38a and 39 of the Trademark Ordinance. Section 38a states that:

Subject to the orders of the Ordinance; anyone who is damaged by a certain fact not being reflected in the register, or being deleted, or not being registered without due cause, of remaining of record without legal basis or having an error or other flaw, is entitled to request a correction to the register in the authorized way.

There is no doubt that the Applicants for Cancellation, as competitors with the registered mark owner, are damaged parties and thus fully entitled to file for the mark to be cancelled – see 941/05 Agudat HaComim Cooperative of Rishon l’zion and Zichron Yaakov vs. The Vineyard Company, p.d. 71(3).

Section 39 of the Ordinance establishes how cancellation processes should be submitted as follows:

(a) Requests to cancel trademark registrations under Section 38 for all or some goods on the basis that the mark should not have been registered under one of Sections 7 to 11 of the Ordinance or due to the mark creating an unfair trade advantage to the applicant in Israel, should submit their request within 5 years of the trademark certificate issuing under Section 28.

(a1) despite that written in Section (a0), the request for cancellation of a trademark on grounds of inequitable behaviour may be submitted at any time.

Since the request for cancellation was filed within 5 years of the mark issuing, there is no need to establish a lack of inequitable behaviour to rule on the case.

We are dealing with a property right that should not be undermined with impunity. The case law establishes that the registration creates a presumption of validity that the applicants for cancellation have to overcome – See Supreme Court Ruling 144/85 "Klil Non-Ferrous Industries Ltd. vs. Commissioner of Patents, Designs and Trademarks, p.d. 42(1) 309:

The burden of proof that a mark is registerable is on the applicant for registering but the burden of evidence that a mark is not registerable is on the Requester for Cancellation. The fact that a mark is registered is prima facie evidence that it is valid (see Section 64 of the Ordinance), so the applicant for cancellation has the onus of proving to the contrary. This claim by Dr Cheshin is not disputed. But in all cases where the burden of proof is on one party, it passes back and forth as the parties bring evidence that the registration was illegal, and so the presumption of validity is rebuttable (page 318 of the ruling).

The similarity of the registered mark to that requested

To rule on the alleged similarity one applies the so-called triple test. This test is based on the sight and sound of the marks, the type of goods, the distribution channels and the other considerations, and also on the common sense test – see 5454/02 Taam Teva (1988) Tiboli ltd vs. Ambrosia Ltd. 57(22) 438, 453-451 (2003); Appeal 210/65 Bank Igud Israel Ltd. vs. Bank Agudat Israel Ltd and 715/68 Pro Pro Buisit (Kfar Saba) Ltd. vs. Fromein and Sons Ltd. p.d. 23(2) 43, 1969.

In this instance, there is to argument that the two marks are very similar to identical in that the designs show a tray with a finjan and coffee cups and the words "IZHIMAN'S COFFEE" in English and Arabic. There is also no argument that both parties are using the mark for the same goods (coffee) and are selling to the same market segment. This is not sufficient. To cancel the registered marks, the Applicants for Cancellation have to show that the mark was not registerable under the law based on one of the grounds given in the Ordinance. These are discussed below:

Is the Mark well-known?

The Applicants for cancellation are claiming that the mark is a well-known mark in the meaning used by law, and so should be cancelled as not registerable under Section 11(13). (In essence, they are arguing that this is similar to Chanel or Versace, where despite not having been registered in Israel by the true owners, the later registrations were cancelled since these marks were considered as very well known).
Section 11(13) states:

13) a mark identical to, or misleadingly similar with, a well-known trade mark even if the mark is not registered in respect of goods for which the mark is well known or in respect of goods of the same description;

Section 1 of the Ordinance defines a well-known mark as follows:

“**Well-known trade mark**” - a mark that is well-known in Israel as a mark owned by a person that is a citizen of a member state. A permanent resident of such state or who has an active business or factory in such state, even if the mark is not a trade mark registered in Israel or if there are no users of the mark in Israel; for the purposes of determining whether a trade mark is a well-known in public circles relating to it and the extent to which it is known as a result of marketing, shall be taken into account, inter alia;

“**Infringement**” means the use by a person not entitled thereto of a registered trade mark, or of a mark resembling such a trade mark, in relation to goods in respect of which the trade mark is registered, or to goods of the same description; (2) of registered trade mark in advertising goods of the class in respect of which the mark is registered of goods of the same description; (3) of a well-known trade mark even if it is not a registered trade mark, or of a mark so similar to it as to be misleading in respect of goods for which the mark is well known or in respect of goods of the same description; (4) of a well known trade mark which is registered, or a mark similar thereto, in respect of goods not of the same trade description, provided that such use could indicate a connection between such goods and the proprietor of the registered trade mark and the proprietor of the registered trade mark might be harmed as a result of such use.

It is noted that Section 1 of the Ordinance states that the notoriety of the mark will be determined by the extent to which the relevant public know the mark, which, according to the Applicants for cancellation, is well-known to the residents of East Jerusalem.

The case-law has developed a number of tests to help determine if a trademark has become well-known in Israel. These are described in 9191/03 Aktiebolag vs. Amsolut Shuz, p.d. 58(6) 869, see also the Opposition against 93261 "Pentax (stylized) S.R.L. Pentax vs. ASAHI KOGAKU KOGYO KABUSHIKI KAISHA, 4 Sept 2003. These tests include the degree of notoriety of the mark, the scale of use and the period of use, the amount of sales and the degree of market penetration, the extent and period of advertising, the degree to which the mark is known, the extent of use, whether it is registered and enforced, the uniqueness and the extent to which it and similar marks are used by third parties (where third-party usage indicates that the mark is not associated with one entity only; a degree of acquired distinctiveness may be better than inherent distinctiveness the type of goods, distribution channels, and the degree to which the reputation of a mark indicates that the goods are of a high quality.

To prove that the mark has a reputation that is identified with them and has, over the years, become a well-known mark amongst the East Jerusalem residents, the Applicants for Cancellation submitted an affidavit signed by Maazan and one by Riadh Halak.

The Adjudicator of IP, Ms Yaara Shoshani-Caspi, does not think that the Applicants for cancellation have established that the mark is well-known and associated with them by East Jerusalem residents. She considers the amount of evidence submitted as insignificant and does not show evidence, for example, that the Applicants for Cancellation extended effort in advertising or marketing the mark. There is no evidence of the extent of sales or of significant market penetration. Furthermore, the Applicants for cancellation haven't even established multi-year usage of the mark, although usage from 1980 is claimed. Since the target population is a small, well-defined local one, the lack of evidence of penetration even of this market is noteworthy.

It will be noted that to establish the mark as well-known with them, there is a need to establish a connection between the Applicant for Cancellation and the mark to be cancelled by showing evidence of advertising and the like, and this is wholly missing.

The Applicants for Cancellation have failed to demonstrate that the mark is well-known and valued by the citizens of East Jerusalem. Therefore, Mr Shoshani Caspi rules that the mark is NOT a well-known one in the meaning of Section 1 of the Ordinance. This makes ruling on Section 11(13) moot.

**Unjust Competition and Misleading the Public**

The allegations by the Applicants for Cancellation of Unjust Competition and Misleading the Public are based on Sections 11(6) and 12 of the Ordinance. Section 11(6) states:

6) a mark likely to deceive the public, a mark which contains a false indication of origin, and marks which encourages unfair trade competition;
Section 12 states:

The Registrar may refuse an application for registration of a trade mark identical with or resembling the name or business name of another person, or containing a name identical or resembling as aforesaid, if the mark is likely to deceive the public or to cause unfair competition.

Amir Friedman, in his book "Trademarks, Legislation, Rulings, And Comparative Law" published by Perlstein-Ginnosar, Second Edition 2005, considers Section 11(6) of the law and states "the article relates to unregistered marks and relates to passing off which requires firstly establishing a reputation as a necessary precondition, and only then can one consider if there is a danger of misleading with respect to the reputation that the original mark provides. See also Seligsohn "trademarks and Similar Laws, 1973 on page 31.

In his ruling concerning Israel Trademark No 127648 "Free" (stylized) Gotex Models Ltd. vs. Free, paragraph 18, (see patent office website – 4 January 2005), the then Adjudicator of IP Israel Axelrod relates to the common element for non-registerability under Sections 11(6) and 12, and that is proof of reputation in a mark as the basis for opposing an application. See also the decision regarding Israel trademark nos 136631 and 136632 Push 'HaMashbit Fashion Stores Ltd vs Push line Ltd (31 October 2004), paragraph 7:

The commonality of these grounds for cancellation is that they are based on a third-party, who is not the owner of the registered mark, having a reputation in the mark or in a similar one, which is likely to lead to misleading the relevant public and even to unfair competition, and the thing is clear: the danger of misleading or unfair competition is based on the existence of a reputation and without such a reputation, there is no likelihood of misleading.

So to prove that a mark should not have been registered under Section 11(6) or section 12, the Applicant for Cancellation has to establish that they have a reputation in the mark. In other words, the Applicants for Cancellation have to prove that the mark is identified with them by the relevant public, and not with the registered owner. As stated above, Ms Shoshani Caspi did not consider that the mark is well-known and identified with the Applicants, since the conditions of the definition of a well known mark under Section 1 and the case-law have not been met. The weight of evidence provided is not enough to establish any sort of reputation, and failing to do so makes further analysis of unfair competition or misleading, moot.

Trademarks Including a Family Name

A further reason given by the Applicants for cancellation was that the mark was their family name. This is apparently based on section 11(11) of the ordinance which states that:

11. The following marks are not eligible for registration:
(11) a mark whose ordinary significance is geographical or a surname, unless represented in a special manner or unless heaving a distinctive character within the meaning of section 8 (b) or 9;

Israel Trademark No. 234876 is a stylized mark as stated previously. Section 11(11) requires a surname to be stylized in a "singular fashion" that is different from other marks that are based on family names, such as 234877 "Izhiman's Coffee". Ms Shoshani Caspi considers that there is a problem registering a family name per se as a trademark but any additional word or stylization is generally sufficient to prevent misleading. See McCarthy on Trademarks and Unfair Competition (4th ed.) §13:11 pages 13-29:

"The junior user is often required to modify to some extent his present confusing usage of his name… Usual types of modifications ordered include:

(2) A change in the style, size or color of lettering of the personal name.
(3) The inclusion of some clarifying matter."

The footnotes give various examples of surnames that were registered in the US as part of trademarks including the type of goods in the mark:
enjoined from using his name Johnson except in combination with the word "Cleaner" and always with the explanation: "Made by the Johnson Products Co., Buffalo, N.Y.," in type equally large and conspicuous – injunction set forth in opinion); Ziegfeld v. Conklin, 50 N.Y.S.2d 906 (Sup. Ct. 1944) (injunction against use of ZIEGFELD in conjunction with "Follies"); Moon Bros., Inc. v. Moon, 300 Mich. 150, 1 N.W.2d 488, 52 U.S.P.Q. 264 (1942) (use of MOON BROS. allowed only in conjunction with the word "furniture" or "upholstering")

The Adjudicator ruled that the addition of the word coffee to the name IZHIMAN’S made it clear that the goods related to coffee in both the word mark and the stylized logo, and this prevents confusion provided by the name of the family. Here the Adjudicator notes that allowing the mark to remain on the books does NOT prevent the Applicants for cancellation from themselves using the term name IZHIMAN'S COFFEE, since Section 47 states that:

Registration under this Ordinance shall not prevent any genuine use by a person of his own name or the name of his business or the geographic of his place of business, name of the place of business or the name of the place of business of any of his predecessors in business or the use by any person of any genuine description of quality of his goods.

Consequently, Applicants for Cancellations allegations under Section 11(11) are rejected.

Allegations that the Registration was in Bad Faith

The Applicants for Cancellations alleged that the registration was made in bad faith under Sections 39(1a) of the ordinance. As established in Klil, the burden of proof lies with the Applicant for cancellation. The standard is rather high since it implies that the registered owners acted wrongly before the patent office (see Israel TM 249443 Institute of Internal Auditors vs. The Israel Bar for Internal Auditors, 30 November 2015.)

The Applicants for Cancellation claim that there were four legal documents signed in October 1994 wherein the parties divvied up the family business. These documents were submitted in evidence by the parties as indicating their respective rights. The Applicants received the sole ownership of the Jerusalem store and the Muhammad received the sole right to manage the Ramallah store. The parties disagree as to the correct interpretation of these documents. The mark owners claim that these documents only relate to the Ramallah store and do not address the rights to the other stores or to the rest of the family business.

After carefully reviewing these documents and listening to the cross-examinations it is clear that the applicants for cancellation did not prove their case that these documents created a division of the business that prevented the mark owners from registering the trademarks since the documents don't mention the other stores or create any geographical division or relate to the business in Jerusalem.

Further Maazan admitted under cross-examination that he had partnered in opening another store in Ramallah after 1994. The Applicants for cancellation alleged that this shop had opened in a different name and that the agreement didn't cover this shop. Nevertheless, this behavior by the Applicants for cancellation strengthened the Adjudicator's conclusion that the agreements related to the Ramallah shop only.

Since the documents were clear and do not indicate that the parties intended to agree to anything beyond the Ramallah store, it is superfluous to relate to whether Nasser's testimony is hearsay.

The Applicants for Cancellation alleged that Muhammad (the original applicant) should have reported to the Israel Trademark Office that the Applicants for cancellation were using the marks for the shop in Bet HaBad Street. The mark owners claim that they had no obligation to disclose similar or identical usage by competitors. The mark owners also noted that they had previously registered Israel TM no. 120722, and the Applicants for cancellation had not challenged that mark either.

As a general rule, an applicant for a trademark is not required to inform the Trademark Office about competitor’s usage of the mark – see the cancellation proceedings regarding Israel Trademark No. 69909 BAMBINO.

The existence of additional users of a trademark is a very common occurrence. Sometimes the usage by others is the impetus for the applicant to file his application to anchor his claim so that on registration he can take action against others that infringe his rights in the mark...Obligating the applicant to provide details of other users at the time of application is meaningless since at the time of application, the examiners and registrar lack the tools and information to weigh up the respective rights of the various users, including the applicant (paragraph 29 of the decision).
In this regard, one can consider the obligation or otherwise of an applicant to inform the Examiner of similar or identical registered marks (if he knows about them). See the 120406 and 118643 competing mark rulings and the 118644 cancellation proceeding (Fischer rulings).

To relate to the claims of the parties, this is the 120722 mark registered by Muhammad on 5 December 1999.
On 14 July 2003, the Applicants for cancellation and Muhammad’s three brothers submitted Israel TM Application No. 165652 as shown:

This application was abandoned on 31 October 2004, apparently due to the Examiner objecting to it being similar to the 120722 mark.

The 120722 mark was itself cancelled in January 2006 for lack of payment of maintenance fees. Then the current marks were applied for in January 2011 and the requests for cancellation were filed in March 2014. After a careful review of the applications it is clear that the Applicants for cancellation knew about the 120722 mark that was cited against them but did not challenge it. In the years that past until March 2014, when the 263714 mark was filed, the Applicants for cancellation did not attempt to protect their rights. They did not oppose the 120722 mark or try to cancel it, did not try to defend their 165652 registration against the 120722 rejection. They sat with their arms folded and did nothing which indicates that they were not concerned to have one mark or another registered in their name, despite knowing that Muhammad was actively registering marks in his name. (Maazan’s testimony that he did not know about any of the applications is not credible since his name appears as an Applicant for the 165652 mark). This lack of interest is clear from what the Adjudicator considers was a tardiness in filing the present cancellation proceedings.

In the circumstances, the Adjudicator does not consider that Muhammad was obliged to inform the patent office of conflicting users; where those users did little themselves and as established in Fischer, there is no duty of disclosure. Consequently the Applicants claim of inequitable behavior in not disclosing the information is rejected.

Cancellation of the mark through lack of use.

The grounds for canceling a mark through lack of use are given in Section 41(a) of the law as below:

41. Without prejudice to the generality of the provision of sections 38 to 40, application for the cancellation of the Registration of a trade mark regarding some or all of the goods or classes of goods in respect of which a trade mark is registered (hereinafter – goods regarding which the cancellation is requested) may be made by any person interested on the ground that there was no bona fide intention to use the trade mark in connection with the goods for which it is registered in connection with the goods regarding which there is a request to cancel the registration and that there has in fact been no bona fide use of the trade mark in connection with those goods in connection with the goods regarding which there is a request to cancel the registration, or that there had not been any such use during the three years preceding the application for cancellation.

Cancellation requires the Commissioner to be convinced that the owner of a mark has not had any bona fide use within the three years prior to cancellation request.

The Applicants for cancellation claim that the mark was not registered to protect Muhammad's usage but to prevent them from using the mark and that Muhammad did not intend to use the mark in Israel.

It is true that the case-law establishes that defensive registrations are to be cancelled. (see 82207 Cadbury Ltd “TIME OUT” vs. Elite Industries Ltd. 23 Dec 2003 and the 68299 and 68304 HUGO BOSS Trademark Management GmbH & Co KG vs Virginia Carolina Corporation, Inc. 7 December 2010. However, as stated previously, the Ordinance provides for cancellation of a mark following lack of use, only once three years has passed. See Dr Noam’s ruling re TM 138834 Migador Ird. Vs. Boris Gail and Oleg Koldobesiky 16 May 2005.

A person’s right to a trademark is conditional on it being used. Consequently, a mark that is not in use for the class of goods that it is registered for over the three-year period prior to a cancellation request being filed, will be cancelled; unless there are extenuating circumstances that prevent the usage. The wording of the Law establishes that the relevant period is three years from the date of filing a request for cancellation and not from some subsequent date, and so, this claim cannot be used unless three years has passed.

In this instance, the mark was registered in May 2012 and the cancellation request was filed only on 5 March 2014; and at that stage it was impossible to establish a lack of post registration usage over the previous three years since less than...
two years had passed since the mark was registered.

Thus the Section 41 challenge on grounds of lack of use is thrown out. This renders weighing up whether or not there has been bona fide use unnecessary. However, this does not prevent the Applicants for cancellation from attempting to cancel the marks in a further application so long as it is filed three years after the mark was registered.

CONCLUSION

The applicants for cancellation have failed to prove that the marks should be cancelled on any of the grounds raised. Their request to register the mark themselves does not belong in the cancellation proceeding and the Applicants for cancellation seem to have abandoned this anyway. In the circumstances and after weighing the evidence, costs of 8000 NIS are ruled in favour of Muhammad.

COMMENT

I found this ruling pedestrian and long-winded. I consumed several coffees whilst wading through it. Do we really need to go into the triple test where the marks are identical? There is sometimes a need to cut to the chase. We note that in Europe, after the Second World War a Mr Van Zuylan obtained the rights to the Café Hag trademark from in the Benelux region, which was appropriated as enemy property. With the establishment of the European Community Café Hag was available from Germany and from Van Zuylan creating all sorts of confusion. I am not sure that a mark that is well-known among residents of a few suburbs is a well-known mark under the Trademark Ordinance. A long-established coffee shop may assume a notoriety in its immediate neighbourhood, but that does not necessarily give it blocking rights in a whole country.

It seems to me that former Secretary General of the UN, Kofi Anan would be a useful person to arbitrate this family feud that could become a threat to stability in the Middle East.

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More Passing-Off and Product Shape

A recent decision of a UK court has considered a claim for passing-off relating to the shape and decoration of a product.

The Plaintiff

The plaintiff is the successor to a long established business producing housewares and kitchen utensils under the trademark TALA. The specific product in issue was a measuring cup which had been made since 1934. The cups are called a cook’s dry measure because they are mainly designed for measuring dry foods, such as flour and sugar, rather than liquids. The cups have been sold through numerous well-known retailers in the UK.

At all material times the cups have been made of template in almost exactly the same conical shape with a small curved base. Measurements are marked in columns on the interior.

The five elements of the get-up relating to the plaintiff’s product were (1) the shape of the cup; (2) the TALA name and the design of and the wording used on the (3) exterior and (4) interior of the cup; and (5) the brand name. The plaintiff asserted that it had acquired goodwill in features (1) to (4), individually or in combination and that they played such a dominant role in the get-up that passing-off could occur regardless of the role of the brand name.

The plaintiff established substantial sales of its measuring cups and substantial advertising relating to them.

The Defendant

The size and shape of the initial versions of the defendant’s measuring cups were extremely similar if not identical to the plaintiff’s cups. Subsequently the defendant agreed to cease selling these versions of their cup and instead sell a different version which had substantially different exterior get-up and was sold in association with a distinctive trademark. Unfortunately, the defendant was unable to effectively fulfill its promise not to sell the initial versions of the cup and additional shipments of these arrived in the UK. As a result the plaintiff instituted an action for passing-off.

The Action

The elements of a claim for passing-off are well-known. In order to succeed a plaintiff must establish first, that goodwill or reputation attached to the goods in the minds of the purchasing public by association with the identifying get-up such that the get-up is recognized by the public as distinctive of the plaintiff’s goods. Second, a misrepresentation must be established (whether or not intentional) leading or likely to lead the public to believe that the goods offered by the defendants are the goods of the plaintiff. Third, the plaintiff must show that it has suffered damages.
There are real difficulties in proving that trade dress or get-up has acquired a secondary meaning as an indication of trade origin where it is consistently used in conjunction with a trademark or name. In a previous case when a plaintiff took a similar position to that taken in this case, the court observed that it was being invited to look not at the whole get-up but at a part that suited the plaintiff’s case. The court must look at the whole get-up and not only the part of it in which the resemblance is to be found.

The judge reviewed in detail the existing cases dealing with this type of situation and concluded that in order to succeed the plaintiff must prove that the shape of its product is the crucial point of reference for those who buy it. This reliance on product shape is the acid test for the purposes of acquisition of goodwill in a product shape for the purposes of passing-off.

While a principle function of a brand name is to denote origin, the shape and get-up of a product are not normally chosen for such a purpose. A member of the public seeing a product which looks identical to another (a red cricket ball for example) does not necessarily, or even normally conclude that they come from the same source. The plaintiff must prove the shape of its goods have come to denote a particular source to the relevant public. The judge concluded that the plaintiff faced an uphill task in proving that a single feature of get-up of a product – and especially the shape of the product itself – had acquired the necessary secondary meaning such that it was an indication of trade source. Length of use alone is insufficient.

In addition, the plaintiff did not present any direct evidence from members of the relevant public to support its contention that the shape of the cup alone identifies the trade origin of the product. As a result, the plaintiff failed to show that the shape of its cup was the crucial point of reference for those who specifically wanted such a cup as opposed to those who want a measuring cup which performs the same function as the plaintiff’s cup. The action was dismissed.

Comment

Very few claims of passing-off relating to product get-up succeed, although from time to time plaintiffs are successful but these cases are driven by their specific facts.

A plaintiff in this situation can obtain some protection by obtaining an industrial design registration for the shape of its product if the registration is filed in a timely fashion, i.e., within one year of the publication of the design. Unfortunately, the term of protection under the Industrial Design Act is limited to ten years.

Finally, it is possible to apply for a trademark relating to product shape, currently under the Trademarks Act referred to as a distinguishing guise. However, in order to obtain a registration it is necessary to file evidence by way of affidavit and it can be relatively difficult to satisfy the test of acquired distinctiveness which is similar to the test discussed in this case.

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