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Against the grain: the trademark world is getting smaller

Brands around the world
2018



CANADA

Significant changes to Canada's *Trade-marks Act* are finally expected to come into force in 2019.

Key changes include:

- Going “use”-less: no use is required at filing or registration
- Adoption of the Nice Classification, incorporating additional government fees per class both at filing and renewal
- Joining Madrid Protocol
- Registration term decreased to 10 years
- Definition of a trademark will be expanded

Anticipated trends flowing from the changes include:

- Trademark trolls (already started!)
- Increase in oppositions, litigation and non-use cancellations

To prepare yourself, we recommend that you:

- Renew early (if within 6 months) to avoid new class fees
- Consider new filings now, or extension applications, to avoid new class fees
- Consider defensive filings to guard against trademark trolls
- Ensure proper monitoring is in place to catch trademark trolls early

Legal trends:

- Courts are prepared decide trademark disputes in a summary manner
- Canadian courts have the jurisdiction to issue worldwide injunctions against entities doing business in Canada (a US court has disagreed)
- Keyword advertising can, in some limited circumstances, constitute trademark infringement
- Agreements to stop parallel importation will be enforced
- Border detentions of counterfeit goods are increasing under the RFA program

UNITED STATES

Legal trends:

- From the United States Supreme Court: the *Lanham Act's* prohibition on the registration of disparaging trademarks violates the constitutional right to free speech of the First Amendment
- The Trademark Trial and Appeal Board (TTAB) denied a motion to disqualify the Board based on its alleged inability to remain impartial in a cancellation proceeding involving registrations for the mark TRUMP, which are associated with President Trump
- The United States Court of Appeals for the Federal Circuit has confirmed that use of a service mark through Software as a Service (SaaS) can constitute use in commerce of a service mark depending on how users perceive their interactions with the software; a service mark owner does not need to do something more than provide software-as-a-service products
- The TTAB dismissed a challenge to the Consejo Regulador del Tequila's application to register TEQUILA as a certification mark in connection with “distilled spirits, namely, spirits distilled from the blue tequilana weber variety of agave plant”
- Also from the United States Supreme Court: design elements that are “separable” from utilitarian elements of a product can be protected by copyright; it must be perceived as separate from the useful article on which it is found and must qualify independently as a protectable work

EUROPEAN UNION

On October 1st, 2017, new trademark regulations came into force for the European Union.

Key changes include:

- Requirement for a mark to be represented 'graphically' will no longer apply
- Certification marks have been introduced with the purpose of indicating that the goods and services in connection with which such mark is used are certified by the owner of the mark in respect of certain characteristics, such as material, mode of manufacture and quality
- Priority claims will need to be submitted with the trademark application (documentation to be filed within 3 months of the filing date)
- Acquired distinctiveness as a subsidiary claim can be made either at the point of filing or later on in the registration process
- Where an EU trademark is registered without the owner's consent, the owner will now be able to demand that the mark be assigned to him instead of being cancelled

Legal trends:

- The technical function of a product is to be assessed with the "no-aesthetic-consideration" test, in which a design is solely dictated by its function providing every feature of the design was determined by technical considerations, regardless of the existence of design alternatives
- Luxury brands may choose a selective distribution system that allows the restriction (up to a ban) of online sales to an extent necessary to protect the aura of luxury attached to the goods and the mark
- "Invalidity counter-claims" in infringement proceedings of a European Union Trademark must be assessed before the assessment about infringement
- The requirement of 'genuine use' of individual EU trademarks is not met if the trademark holder only licenses the trademarks to third parties to certify that certain quality standards – either humanitarian or technical – are fulfilled

CHINA

Legal trends:

- Widely known Chinese transliterations of famous names may be protected - Michael Jordan enjoys the name right of the Chinese characters “乔丹” (pronounced as “Qiao Dan”), which is the common Chinese transliteration of “Jordan”; however, the English letter mark “Qidan” does not infringe against the sport star's name rights.
- First to file remains strong – New Balance's use of the Chinese trademark “新百伦” (pronounced as “Xin Bai Lun”) was found to infringe an identical prior trademark registration, as there was not enough evidence to prove New Balance's prior use or fame of the Chinese mark
- Copyright infringement in logos is available as a recourse to combat counterfeiting goods in China – three domestic companies using the brand “New Boom” and the slanted “N” logos were held to infringe copyright of New Balance's iconic N logo
- Joint ownership of distinct packaging rights is possible when two parties contribute to the formation, development, and goodwill of the special packaging, as long as the parties use the packaging in good faith and with respect for customer awareness, without causing damage to the legitimate rights of the other party
- Well-known trademarks continue to be protected – LandRover successfully sued a Chinese company selling vitamin drinks under the well-known “LandRover” mark

HONG KONG

Legislative changes:

- The Hong Kong government is proposing to adopt the Madrid Protocol, with an aim to submit legislative proposals to Legislative Council in 2018
- The Arbitration Ordinance has been amended to clarify that all disputes over intellectual property rights (“IPRs”) may be resolved by arbitration and that it is not contrary to the public policy of Hong Kong to enforce arbitral awards involving IPRs

AUSTRALIA

Legal trends:

- A trademark application that is filed in the incorrect name is invalid and cannot be cured by subsequently assigning the trademark application to the correct owner
- It will be difficult to establish misleading and deceptive conduct, passing off and infringement if there are differences in the overall appearance and get-up of two products, even if a product appears to be a copy
- The use of a third party's registered trademark in Google AdWords will not amount to infringement, as the keywords used by Google AdWords are not visible to consumers, and therefore not used as trademarks
- The use of a third party's registered trademark in source code/meta-tags can amount to infringement as consumers can see source code by performing simple steps in an internet browser
- In the case of registered shape marks, it remains difficult to demonstrate that a shape is functioning as a trademark, particularly when a product which is alleged to be similar to a registered shape mark is sold in packaging which displays the alleged infringer's trademark

BREXIT

The Draft Agreement for the withdrawal of the UK from the European Union unveiled provisions formulated to ensure that trademark rights remain robust and protected after the end of the Brexit 'transition period' on December 31st, 2020. Until then, the existing framework remains unchanged.

Key matters agreed include:

- Any European Trade Mark (EUTM) validly registered at the end of the transition period will be automatically converted into an equivalent UK-specific right without re-examination
- Filing, priority and seniority dates will be maintained
- International registrations of trademark or design rights designating the EU before the end of the transition period will enjoy continued protection in the UK
- A UK trademark right will not be liable to revocation on the ground that its corresponding EUTM had not been put into genuine use in the UK before the transition period
- A UK trademark right can rely upon any reputation it has acquired in the EU before the end of the transition period and thereafter the use made of the mark in the UK

Accordingly, Brexit should not impact the protection of trademarks registered before December 31st 2020, however, the following remains unclear:

- Whether the registration of the UK-specific right will incur a cost, and how geographical indications, designations of origin and designations of traditional specialities will be protected
- How trademarks still in the 'pending' phase of registration at December 31st, 2020 will be protected, though it is anticipated that a "priority" claim may be available
- Whether UK only use prior to the end of the transition period will count for the purposes of assessing genuine use of an EUTM
- Whether reputation of the EUTM in the UK prior to the end of transition period will count towards assessing reputation of the EUTM in the EU
- To prepare yourself for Brexit, we recommend that applications are prosecuted, and renewals are effected promptly, in order to facilitate a smooth transition

Key contacts

For more information, Norton Rose Fulbright's INTA 2018 team is here to help!

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