

# Project Teams get into full swing

**Members set to benefit from the application of available skills to the wide range of challenges faced by brand owners operating in a global economy.**

Drawing on the variety of skills and expertise existing within its world-wide membership, MARQUES seeks to ensure that its corporate finger rests on the pulse of affairs. Every single member is encouraged to make a contribution – in whatever form and through whatever medium suits – to the development of MARQUES as a global resource centre by agreeing to share professional strengths with fellow members. At the same time each member is urged to improve and enhance personal performance by drawing, from the centre, support and guidance in those areas where he/she is not quite so strong or experienced.

The Executive Committee of the full MARQUES Council – comprised of the Chairman plus Vice-Chairman (Programming), Vice-Chairman (Marketing) and Vice-Chairman (External Relations) – now directs the operation of a growing number of Project Teams which address issues related to their special sphere of responsibility.

Already operational are a **Trade Mark Team** led by **Huib Berendschot** (Novagraaf BV, Netherlands), a **Cyberspace Team** under the direction of **Nick Wood** (CPA, UK) and an **IP Marketing Team** headed by **Panos Malamis** (Malamis & Malamis, Greece). Proposals from members for other Teams are under active consideration (see back page for details).

All members of MARQUES will be kept fully informed of the deliberations and conclusions of each active Team through normal internal communications media. On occasions, Teams will seek the views and opinions of the wider membership to assist them in formulating their views and/or responses to the questions and challenges which they face. If your opinion is sought, please make every effort to provide a response to assist in this important work.

Once identified, volunteer Team Leaders are authorised to find their own collaborators both from within and, occasionally, from outside of the association. They are responsible for setting goals and targets and ensuring that their Teams function effectively to meet any deadlines set by the Council.

Those who participate in the work of Teams are “rewarded” through opportunities to publish their findings, to speak at Conferences and other events, through acknowledgement in MARQUES publications (including this Newsletter and the Web site) and through opportunities to represent MARQUES and the profession in lobbying, communications and educational activities. Such recognition raises their status within the profession and their self-esteem.

A Team might be established on a continuing basis for a long-term project or on a short-term basis to investigate a

specific issue which, once addressed, can lead to a policy statement, the publication of procedural guidance or a position statement to be followed by the immediate disbanding/re-formation of the Team to address a new issue.

**Relevance, immediacy and flexibility** are the keys to success in this initiative.

If you would like to become involved, to participate in or set up a Team to address any issue of special interest to you, please make your interest known to the Secretariat (info@marques.org). For example, volunteers for the **Design Team** would be very timely to enable us to monitor developments in Alicante and keep members informed.

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# Domain Name and Trade Mark Payment Scams

by *Rebecca Finn*

## Rebecca Finn reports on recent warnings issued by Nominet against “scam invoices”.

Nominet UK, the national registry for all domain names ending .uk, has issued a warning advising people of what appears to be a domain name registration renewal invoice but is actually an offer and invoice for entry in a web directory.

Most UK domain names are registered through an Internet Service Provider (ISP) and need to be renewed every two years. Nominet sends the renewal invoice to the ISP, who should contact the Registrant for payment.

This is the latest in a line of similar scam invoices for registration or renewal of domain names and trade marks.

ICANN, which assumes responsibility for domain name system management, also warned of a scam in which domain name owners have received “Domain Dispute Notification” mailings. The mailings falsely state that an entity identified as “Xchange Dispute Resolution” is an “ICANN authorised arbitrator” and that the recipient should “defend” ownership of a domain name by returning a completed form along with a “security deposit”, which ranges from US\$250 to US\$1250.

Similarly, applicants for Community Trade Marks have received invoices for more than €1000 for registration of their marks in the “Central Data Register Community Trade Marks”. This is not an official publication. The company and those responsible for its operations are currently under investigation by German law enforcement authorities for alleged fraud and other offences.

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# Hello! Goodbye!

## Council changes confirmed

As the back page feature of this edition of the Newsletter shows, there have been a number of recent changes to the composition of the **MARQUES** Council.

During the past year we have been sorry to lose the services of **Inger Lundmark** (Sweden), **Elaine Munding** (UK) and **Margaretha Ståhlberg** (Sweden) all on grounds of ill health. We wish them all a full and speedy recovery. Resignations were also received from **Raffaello Nemni** (Italy) and **Edward J Handler** (USA) each of whom has been a long-term committed servant of the association. Their support and dedication to the growth and development of **MARQUES** will be sorely missed.

At the same time, we have been delighted to welcome **Charlotte Falck** (Pharmacia, Sweden), **Nicholas Foot** (BBC, UK) and **Caroline Pearlstein [née Katz]** (Coca Cola Corporation, USA). **MARQUES** is privileged to enjoy the support and commitment of such prestigious brand owning companies. The contribution of the individuals concerned will undoubtedly strengthen the Council in its efforts to develop even further as **“The voice of brand owners in Europe”**.

## Call for Articles

The **MARQUES** Newsletter is an ideal vehicle for communicating your ideas, your opinions or your vision of where trade mark law is or should be heading. It will be seen and read by in-house counsel, trade mark practitioners, IP lawyers, academics government officials and other NGOs.

Please send any contribution to [robin\\_tyler@bat.com](mailto:robin_tyler@bat.com) or:

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United Kingdom.

# The Madrid Protocol and the USA

You would not believe it from its title, but "The 21st Century Department of Justice Appropriations Authorisation Bill, HR 2215" contained (among a lot of totally unrelated provisions) the long-awaited legislative provisions to enable the US to join the Madrid Protocol. The Bill was passed by the Senate on 3rd October, President Bush signed it into US law a few days later and the Senate formally "advised and consented" to ratification of the Protocol on October 17th (subject to the letter of 2nd February 2000 from the EU Council regarding voting arrangements<sup>1</sup>).

It is now up to the USPTO to promulgate implementing rules and the State Department to prepare the ratification package for deposition with WIPO. According to the Act they have up to one year in which to do this.

Through IP related provisions hidden within the text, the Act:

- allows third party requesters in *inter partes* patent re-examination proceedings in the USPTO to appeal to the Court of Appeals for the Federal Circuit (Sec. 13106);
- allows patent re-examination in the USPTO on the basis of previously cited prior art (Sec. 13105);

- requires a 5-year strategic plan for the USPTO and "authorises" funding for the USPTO (Secs. 13101-04),
- implements the Madrid Protocol trademark agreement (Secs. 13401-03),
- makes technical corrections in the American Inventors' Protection Act and other IP statutes, including, among other things, a correction to Patent Act Section 102(e) (Secs. 13201-11), and
- makes an educational use exemption in copyright law (Sec. 13301).

1) I have been trying very hard, but unsuccessfully, to find the text of this letter. If anyone has the text or knows where to find it, please let me know. (Ed)

## Advance diary date

16th to 19th September 2003

## MARQUES Annual Conference

Hotel Inter\*Continental, Istanbul, Turkey

## "Growing Your Brands"

*An examination of the wide-ranging challenges threats and opportunities facing the modern brand owner arising from mergers and acquisitions activities*

**DON'T MISS IT!**

## YET ANOTHER DOMAIN NAME DODGE

Fraud, Deception, Unprofessional Conduct or mere Opportunism?

*by Robin Tyler*

We are all trying to make money, that is after all the prime *raison d'être* of commerce and professional firms. The latest ruse to come to my attention makes use of a [very] little learning, a little technology and a fair measure of effrontery, all from a Californian law firm which describes itself as offering "Creative Analysis, Decisive Strategy, Effective Solutions".

The method is simple. An automated computer program gathers information about domain registrants from the whois database. The program looks at all domains that start with "www" such as "wwwEXAMPLE.com" then scans the whois data for EXAMPLE.com and then sends a solicitation letter to them. These letters state, among other things, that you "may be a victim of cybersquatting" and that someone has registered a domain that is "confusingly similar" to your domain and that the [xxx] firm will prepare a stock UDRP complaint for a fee of \$5,000. Nowhere does the letter mention that the UDRP pertains to violations based upon a trademark. Instead, the letter implies that mere similarity between two domain names is sufficient to invoke and prevail under the policy.

In the space of just one letter they appear to be generating disputes, misrepresenting the law, breaching the terms and conditions of access to the whois database and violating the advertising standards promulgated by the California Bar.

The sceptic in me wonders if, to guarantee a ready supply of potential clients and disputes, the firm has any contact or relationship with the registrants of the wwwEXAMPLE.com domain in the first place, turning a dodge into a scam. After all, all he/she need do is to ignore the UDRP complaint to allow the firm to claim victory by default on behalf of their new client. "Creative, Decisive, Effective" indeed!

# Winning in the World of Domain Name Dispute Resolution

by Edward J. Handler III and Christin J. Caroselli\*

\*Edward J. Handler III is a partner, and Christin J. Caroselli is an associate, at Kenyon & Kenyon in New York. The views expressed herein are those of the authors and do not necessarily reflect the views of [MARQUES](#).

## Introduction

The resolution of domain names disputes has been a contentious legal issue ever since the advent of “cybersquatting.” Some countries, such as the United States, have recognised the problem and provide specific statutory relief. See, for example, The United States’ Anti-Cybersquatting Consumer Protection Act (ACPA), 15 U.S.C. 1125(d), enacted in 1999. This Act created a cause of action under the Lanham (Trademark) Act which a trademark owner can use against anyone who, with a bad faith intent, registers, traffics in, or uses a domain name that is identical or confusingly similar to the owner’s mark(s). However, as with other court actions, getting to a resolution in an ACPA action can be a protracted and expensive process. As a result, alternative arbitration procedures have become increasingly popular.

Since 1999, the Internet Corporation for Assigned Names and Numbers (ICANN) has sanctioned these alternative proceedings, spelled out in the Uniform Domain Name Dispute Resolution Policy (UDRP). The UDRP applies to generic top-level domain names (gTLDs, such as .com, .net, and .info), and has been adopted by some country code administrators as well. While UDRP arbitrations can be effective (our firm has succeeded thus far in all actions that we have brought under this procedure) the UDRP does not address the root of the problem – bad faith actors beating legitimate trademark owners to the punch, registering the trademark owners’ valuable domain names, and oftentimes trying to

extract payment for the transfer of the domain name.

In late 2000, when ICANN selected seven new gTLDs for implementation (.biz, .info, .name, .pro, .museum, .coop, and .aero), all of the new TLD administrators included restrictions in their plans. .museum, .coop, and .aero were designed for narrow communities (museums, cooperatives, and the air-transport industry, respectively) and thus had inherent restrictions, but the remaining TLDs were more readily available to everyone. However, in light of the rampant cybersquatting that went on in the .com world, these four new gTLDs chose to operate in a manner more friendly to trademark owners, at least initially. Each gTLD developed some form of a “sunrise period” – a period of time during which trademark owners could register their trademarks as domain names or claim trademark rights before the Registries adopted “first-come, first-served” policies.

*[Note: As of the publication of this article, .pro was not yet operational]. In this article we will discuss the positive experience that we recently had when a dispute arose for one of our clients regarding a .biz name.*

## Our Experience

Our client came to us in April, 2002, showing us an arbitration complaint that one of their clerks had filed to recover a domain name. Although the clerk had made a valiant effort, the complaint was deficient in several ways and lacking in substantive legal arguments, almost guaranteeing a loss. In a court of law, this complaint would most likely have been

dismissed, perhaps with prejudice. However, as we discovered, the clerk’s choice of using an arbitration agency was fortuitous.

## Background

Since its inception, the .biz Registry has limited .biz registrations such that they must be used or intended to be used primarily for *bona fide* businesses or commercial purposes. In addition, when the Registry first started out in May, 2001, it utilised an “Intellectual Property (IP) Claims Period.” IP Claims could have been submitted by owners of registered or common law trademarks. Once an IP Claim was submitted, there were three main advantages that resulted:

(1) Notice – Prospective .biz registrants who attempted to register domain names that were an exact match of any mark submitted as an IP Claim were notified of their potential infringement. These prospective applicants then had to tell the Registry whether or not they wanted to continue with the registration anyway.

The IP Claimant was also notified about any of these conflicting registrations and later had an opportunity to challenge them using a special dispute resolution procedure (see *below*).

(2) STOP (Start-Up Trademark Opposition Policy) Availability – Similar to the UDRP, but with a lower burden of proof, and only available to IP Claimants.

(3) Automatic 30 Day Hold – Was put on any .biz registration that had an



IP Claim against it when the .biz registry became operational. This gave the parties a chance to resolve any conflicts before the “infringer” had a working website with the trademark owner’s mark as a domain name.

Under STOP, mentioned above, the grounds for a complaint are as follows:

- (1) the domain name is identical to a trademark or service mark in which the IP Claimant has rights;
- (2) the domain name registrant is considered as having no rights or legitimate interests in respect of the domain name that is the subject of the complaint; and
- (3) the domain name is considered as having been registered or used in bad faith.

*(Note that this is a broader definition of “bad faith” than the usual Uniform Dispute Resolution Policy (UDRP) standard. Under that standard, you must show registration and use in bad faith, but here you have to show registration or use in bad faith.)*

Our client had submitted an IP Claim for its trademarked name during the proper time period, and later applied for the name during the randomised application process. Unfortunately, however, our client was not awarded the name at this time. But, because they had submitted an IP Claim for the name, they were notified about the registration and had the option to commence a STOP proceeding against the registrant.

Upon receiving the notice of the “bad faith” registration, our client’s clerk submitted a complaint to the World Intellectual Property Organisation (WIPO),

one of the arbitration agencies chosen to handle STOP cases. (Incidentally, WIPO handles the majority of all ICANN cases.) As mentioned above, a copy of this complaint was then forwarded to us.

### **Going Forward**

Upon receiving a copy of the clerk’s complaint, we immediately contacted WIPO and entered our firm as our client’s “new” representative. In court, a change of counsel can lead to hassles with a judge, but with WIPO, our client’s change was accepted without incident.

Shortly thereafter, we received a “STOP Complaint Deficiency Notification,” setting forth the problems with the complaint. Much to our satisfaction, we were given five days to correct the deficiencies, in accordance with the STOP rules.

Rather than simply amend the clerk’s complaint, we drafted an entirely new Complaint, complete with seven exhibits. We sent it to WIPO, the Respondent, and the concerned Registrar, within the required time frame, and it was accepted as an “amendment” to the initial complaint. Therefore, we were basically able to “redo” the complaint, with no penalty. We found this aspect to be quite advantageous, for obvious reasons.

In addition, upon receiving the Respondent’s Response eighteen days later (he had twenty days to respond), we felt compelled to submit a reply in light of numerous misstatements he had made. Although Respondent objected to our reply letter being admitted, a WIPO Administrative Panel has broad discretion to accept supplementary filings, and our Panel chose to admit our letter. The Panel also gave the Respondent three days from the notification of our letter’s admittance to submit a response, which he did.

This flexibility is another aspect of the STOP proceeding which we much appreciated.

Approximately two weeks after Respondent submitted his supplementary response, we received the Panel’s decision by email. As is evident from this article, the speed and efficiency of the whole arbitration process was a welcome change from lengthy litigations.

The Panel ruled in our client’s favour, taking a practical, realistic approach to the situation. Although Respondent claimed that he would use the name for *bona fide* business purposes and that he had some rights to the name (submitting some slipshod evidence to support his case), the Panel saw through his cover. The Panel referred to the Respondent’s “lame attempt” to come within the .biz business restrictions, and, in response to our exhibit of Respondent’s many domain name registrations, stated:

In the present case, the Respondent has clearly significant involvement with registering domain names, as is shown by his multiple registrations of common words – often with the letters separated by hyphens. His far-fetched explanation for the [disputed name] ...outlined above, inclines the Panel to infer that the Respondent’s main reason in registering the name was either to prevent the Complainant from reflecting its mark in a corresponding domain name or else to sell or rent the disputed domain name for a profit.

Further, the Panel found that, because STOP is a special regime, the Respondent faced a greater burden:

The Panel considers that this is one of those cases where the Respondent, a US resident and domain name dealer, should have

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# Independent expertise

by Emily Link<sup>1</sup>

**The variety of anti-counterfeit features is rapidly increasing, leaving companies often swamped with the question of which applications offer the best protection. An independent technical service provider offers impartial advice.**

World-wide losses due to counterfeiting of trademarks of all categories are estimated at around US\$200 billion per annum.

As a result, brand owners have developed strategies to secure their brand names. These strategies include effective trademark protection and support of law enforcement activities. At the same time, the use of the latest technologies has become vital to combat the threat to products from counterfeiting, tampering, theft and unauthorised distribution.

New technologies enable companies to not only authenticate their products on public, inspector and forensic levels, but also to deter potential counterfeiters and fraudsters. Parallel to the swelling flood of product plagiarism, numerous companies specialising in product security have extended their portfolios to offer a wide variety of anti-counterfeit features applicable *inter alia* to cigarette packaging.

However, modern pirates are operating with ever more sophisticated technology. According to an anti-counterfeit expert within the tobacco industry, forgers meanwhile are able to copy most manufactured cigarette packs within only two months – a fact which makes cigarette companies sceptical about the effectiveness of diverse features.

## Checking the possibilities

Impartial advice may now come from Axess Technologies. The company was founded in 1999 as a response to the lack of independent and specialist technical expertise in the industry, offering a range of technical consultancy and aligned services. The company's aim is to become the

industry's unrivalled independent technical resource organisation, to facilitate a better understanding of security technologies and support technical development and product sourcing. The company advises brand owners on the most relevant and available security solutions that can protect their products from counterfeiting, tampering, unauthorised diversion and theft. Its services cover a wide spectrum including counterfeit analysis, supply-chain mapping, threat analysis and risk assessment, technology reviews and training, development of long-term security technology programmes, support during introduction of new security devices, assistance in product and packaging development and forensic and witness services.

In addition, the company has compiled a categorised and comprehensible list of potential suppliers and their technologies through its new database service called Axess Data. It assists brand owners in making the initial selection process of technologies and suppliers easier, less time-consuming and more cost-effective and efficient. At the same time, the database may be used to reassess the company's current supplier information or keep abreast of the latest innovations. It was launched at the Anti-Counterfeiting Group (ACG) conference in London, UK, in May 2000 and was offered to all its members as an additional service free of charge. Apart from the ACG, today a total of up to 500 end users who are also members of the US-based International Anti-Counterfeiting Coalition (IACC), the German Action Group for Product and Brand Piracy (APM) and **MARQUES** have free access to this service<sup>2</sup>.

*continued from page 5*

searched the U.S. Trademark Register before certifying to the Registrar that he was entitled to register the disputed domain name. How such a declaration can be categorised as other than reckless (i.e. made without knowing whether it be true or false) is difficult to see. This is particularly so because a registrant must be aware that he/she/it is registering the name under STOP with all such registration entails, e.g. the right of a trademark owner to challenge through the special procedure.

We believe that the outcome of this case could have been different if we had faced a Panel that was not as interested in the "big picture." Our Panel (randomly assigned to our case) recognised that the Respondent was a cybersquatter, and that his registration of the disputed domain name was just another attempt to capitalise on the market for valuable domain names. The Panel carefully reviewed each side's case, but ultimately recognised our client's legitimate and proper rights in the domain name.

## Conclusion

When the Panel's decision was mailed to the parties, WIPO simultaneously notified the concerned Registrar that a transfer of the domain name was ordered. We filled out the proper paperwork for the transfer, and that was it – the name belonged to our client. Within the span of two months, we had succeeded in reclaiming the domain name our client so eagerly wanted and was lawfully entitled to – all in a timely, efficient, and cheaper manner than litigation. Since many of our firm's other domain name disputes with WIPO have gone just as smoothly, we highly recommend this alternative for domain name dispute resolution if your clients' are ever the victims of cybersquatter.

<sup>1</sup> Adapted from an article first published in Tobacco Journal International 31 March 2001. The editor is grateful to the editor of the Tobacco Journal International for permission to reproduce this article.

<sup>2</sup> For more information see the article "Defining the Product Security Industry" by Susanne Hasselmann elsewhere in this Newsletter.

# Mediation – Losing Momentum?

by Robin Tyler<sup>1</sup>

Mediation is heralded as a solution to clogged-up courts, spiralling legal fees and business relationships torn into shreds of acrimony from bloody conflict fuelled by gladiatorial lawyers. Mediation enjoyed a huge initial take-up rate in parts of Europe. With 80% of deadlocked disputes typically resolved in a few days of talks assisted by a trained neutral, the future of mediation in Europe seemed very bright indeed. Today, that expectation is not materialising on a broad scale. Many mediation bodies report having a hard time. They have been aggressively training and accrediting people as mediators but now the supply of mediators far exceeds the disputes where parties want their help.

## What's causing the momentum to stall?

Mediation seems to be well accepted by some leading corporations and most major law firms. So why are mediated outcomes still the exception across Europe, not the rule? Why do many businesses and their advisers dismiss “alternative dispute resolution” the way physicians and their patients see homeopathic medicine – fringe, quaint, “alternative”, not mainstream?

Mediation is not a religious cult. It does not attract spontaneous support based on blind faith. People only readily accept what they see will work. They also need to know why something works and how they can use it effectively. Mediation has a perception problem on these counts. Statistics proving that mediation works are hard to get, as mediated outcomes are usually private, not published. Nor is it obvious to the uninitiated why mediation works or how it can be put to best use. The only way to overcome these perception issues is through good promotion.

To date, mediation in Europe (unlike the US) has generally been driven not by the

businesses which experience the disputes but by mediation service providers CEDR in the UK, for example, was setup in 1990 and is still the largest mediation body in Europe with about 200 subscribing members. Just a quarter of its members are corporations; most are law firms.

Only 25 of the UK's 100 largest companies are CEDR members, yet 65 of the 100 largest law firms operating in the UK are CEDR members. CEDR's over-subscribed, award winning mediator training programme in Italy in August was attended by 36 delegates. But only three were from businesses; 26 were advisers and seven were representatives of regulators, government or academia.

These figures are distressing. They reflect the reality that the development of mediation has not been motivated by the business interests which are at the sharp end of the disputes. To be sustainable, any market needs to be demand driven. Businesses need to self-initiate the pressure to resolve disputes early. Businesses need to tell their litigation counsel to invent early dispute resolution strategies, then to carry them out – not wait for this to be suggested to them. In fact, businesses need

to consider this as part of a wider goal to better manage their lawyers, the company's legal spend, the outcome of the company's disputes and the minimalisation of legal and reputational risk. In turn, businesses need to design tools to test their performance in these areas.

This apparent lack of business interest is probably attributable to companies not appreciating why or how mediation works.

In essence, like most things, it's quite simple. The mediator, becoming exposed to the private bottom lines – the real interests – of each party, comes into the unique position of privately seeing solution options invisible to the parties; the mediator can then (without violating confidences) use skills to steer the parties toward a resolution.

Being simple does not make it obvious. There are too few enlightened companies around like GE, AkzoNobel, Nestlé, Shell and BAT who have seen the light, and understood the consequences in terms of positive business relationships, faster outcomes, lower costs and less reputational damage.

<sup>1</sup> This article has been adapted from a larger unpublished article by Michael Leathes & Avi Schneebalg.

Michael Leathes is Head of Intellectual Property of British American Tobacco.

Avi Schneebalg is a Brussels-based practicing business lawyer and mediator accredited by several top mediation centres in Europe and the U.S. He is the instigator and executive committee member of the Brussels Business Mediation Centre. His book on Mediation Advocacy, the first on that topic in French, is published in October 2002 by Kluwer.



# Budapest Conference....



1. The welcoming plaque at the Ethnographic Museum, site of the first night Reception.



2. The Ethnographic Museum, Budapest, in all its evening splendour.



3. **Tove Graulund**, (Arla Foods, Denmark and Chairman of **MARQUES** Council) and **Gabriella Sasvari** (S B G & K Law Offices, Hungary and member of the Conference Committee), in relaxed mood at the Museum.



4. The Panel for the opening Session of the Conference programme, featuring (left to right) **Bruce Proctor** (Diageo, UK), **Massimo Sterpi** (Studio Legale Jacobacci, Italy — Session Chairman), **Professor Ugo Castagnotto** (University of Urbino, Italy) and **Rick Kinsel** (Coty, USA), prepare to examine the strategic imperatives imposed by socio-political pressures arising from the globalisation of trade.



5. "The Hungarian Experience" on the second night, begins with a welcome serenade at the entrance to the Lazar Equestrian Park at Gödölle on the outskirts of Budapest.



6. No **Hungarian Experience** would be complete without the goulash kettle!



# ...in pictures



7. The Thursday Conference programme was launched by a panel consisting (left to right) of **Tiffany Trunko** (Pfizer Inc, USA), **Judge Irmgard Griss** (Supreme Court of Austria) and **Ulrich Hocke** (Hoefer Schmitz Weber & Partner, Germany) under the Chairmanship of **Éva Szigeti** (Danubia Patent & Law Office, Hungary and member of the **MARQUES** Council and Conference Committee).



8. This year's winner of the Lewis Gaze Memorial Scholarship **Aron Márk László** (third from left) is photographed, after the presentation ceremony, with (left to right) **Dr Lajos Vékás** (ELTE University, Budapest), **Shane Smyth** (F R Kelly, Ireland, Member of **MARQUES** Council and Chairman of the Education Committee), **Tove Graulund** (Arla Foods and Chairman of **MARQUES** Council), **Soltan Tákács** (Danubia Patent & Law Office, Hungary and member of the Conference Committee) and **Wubbo de Boer**, President, OHIM, Spain).



9. **Bas Kist** (Shieldmark BV, The Netherlands) leads one of the Thursday afternoon intensive Workshops on "Trade marks and copyright".



10. **Norma Coverdale-Grimes** (Conference Manager, **MARQUES** Secretariat) and **Shane Smyth** (F R Kelly, Ireland, Member of **MARQUES** Council) express their appreciation for the excellent entertainment which was a feature of the Gala Dinner.



11. Internationally renowned tenor and Master of Ceremonies at the Gala Dinner, **Øysten Wiik**, hits a high note during one of his numbers which captivated the audience.



12. "Ready for the first tee!" Competitors in this year's golf tournament held at the Old Lake Golf & Country Club on the Friday afternoon after the close of the Conference. The eventual winner, **Patrizia Meyer**, is in the centre of the front row. In spite of stronger-than-ever competition this year, **Patrizia** has won the trophy three times out of the four years it has now been organised!

# The New Registered Community Design: practical tips for trade mark owners

by David Stone\*

**The new Registered Community Design (RCD) is set to be available from 1 January 2003. It provides many innovative opportunities for trade mark owners. Because an application for a RCD must be filed within 12 months of making the design available to the public, now is a good time for businesses to consider which of their new and innovative designs launched during 2002 may be appropriate for RCD protection.**

## Introduction

Following the success of the European Community Trade Mark (CTM), the EU has introduced pan European protection for innovative designs with the aim of giving greater certainty to businesses and reducing costs.

Readers are aware that elements of product design and ornamentation have long been protected by national law in individual EU countries. The EU Directive on design protection adopted on 13 October 1998 required harmonisation of all EU countries' registered design laws by 28 October 2001.

The Regulation establishing the RCD follows closely the wording of the Directive. The Directive and the unregistered Community design right have been discussed elsewhere (see, for example, the February 2002 edition of this Newsletter).

This article concentrates on the RCD registration process at OHIM and what opportunities there may be for trade mark owners.

## Highlights

The Registered Community Design provides many readily apparent benefits:

- Trade mark owners will have a broader scope for innovative protection, including packaging and get-up of products, fonts and logos
- There is a single cost-effective application, which will grant rights

(enforceable in one court action) in 15 European countries (and soon up to 25)

- Some of the restrictions on trade marks will not apply to design registrations. For example:
- The issues of "use as a badge of origin" (currently before the ECJ in the Arsenal case) will not apply to logos registered as designs
- RCDs will not be restricted to nominated goods and/or services: they will apply to use of the design on any product. This may be a more cost effective approach than multi-class trade mark registrations in some cases
- RCDs will be available for signs that may not be registrable as trade marks without proof of acquired distinctiveness. A registered design provides a window of protection of up to 25 years during which to establish acquired distinctiveness, which can later be used to register a trade mark (with indefinite protection)
- On enlargement of the EU, RCDs will automatically expand into the new EU member countries. OHIM estimates this will mean 100 million new consumers covered at no extra cost
- Companies may feel that design protection is (at least initially) sufficient for some products, reducing the pressure to squeeze non-traditional

signs (such as the shape of detergent tablets) into trade mark protection.

## What is protected?

RCDs will protect the appearance of the whole or a part of a product resulting from its features: the lines, contours, colours, shape, texture and/or materials of the product itself or its ornamentation. This includes packaging, trade dress and get-up, symbols, logos, icons and fonts, many of which also qualify for trade mark protection.

There are some limited exceptions where designs will not be protected by the new legislation:

- the design of parts of a product "solely dictated by the product's technical function"
- computer programs
- spare parts
- internal components of a product which are not visible once incorporated in the product

## How "New" and how "Individual"?

To be afforded protection, a design must be new and have individual character.

A design will be new if it differs in material details from designs previously made available to the public.

A design will have individual character if "the overall impression it produces on the informed user differs from the overall impression produced on such a user by any



design previously made available to the public". It has been suggested that this is a "déjà vu" test. Looking at the "new" design, does an ordinary user of the product (and not an expert) get a sense of "déjà vu"? Early court decisions will hopefully clarify how this test will be applied.

In each case, the novelty and individual character of the design will be compared against other designs previously made available to the public anywhere in the world with the proviso that obscure disclosures will not be included (that is, disclosures that could not reasonably be expected to come to the attention of people in the relevant field in Europe).

This seems a fair compromise between requiring worldwide novelty (which would have disadvantaged European designers) and allowing counterfeiters to claim rights in Europe by copying designs made available in, say, the United States.

### **The Role of OHIM**

RCDs will be registered through OHIM in a similar way to CTMs. Detailed draft regulations have been published – they will appear familiar to users of the CTM system. Forms are currently being drafted.

In addition to the usual things like the name and address of the applicant and its representative, an application for a RCD must contain a representation of the design, and an indication of the products on which the design will be used, classified under the Locarno System. Locarno classification will not limit the scope of protection in any way, but is designed to help classification on the Register. Applicants will be able to claim priority similarly to trade marks.

The same language rules will apply as for CTMs (that is, the application can be in any

Community language, but must nominate a backup OHIM language).

A 12 month grace period is introduced. Businesses will have 12 months during which to market a new product to determine whether it is worth the costs of design registration. During the grace period, unregistered design protection will be available.

### **Fees**

OHIM's fee regulation is being approved at the time of writing. It is expected that the application fee will be € 230, with a further fee of € 120 payable on registration. There are significant discounts for "bulk" filings: € 115 for the second to tenth designs (plus € 60 on registration) and only € 50 for the eleventh and beyond (plus € 30 on registration). These fees are lower than previously thought, and significantly less expensive than CTMs. The fees compare favourably to the costs of registering a design in three or more separate EU countries.

### **Publication and Invalidity**

Once accepted, an application will be published in the Community Design Bulletin. OHIM has indicated that only electronic copies of the Bulletin will be available. No paper version will be published. A certificate of registration is then issued. OHIM is aiming to publish registrations within three months of application.

There is no provision for oppositions by prior rights holders. Those wishing to set aside a RCD may file an application for a declaration of invalidity after registration (fee € 350). Invalidity applications will be determined by OHIM, with an appeal to the Board of Appeal (fee € 800).

Invalidity can also be determined as part of enforcement proceedings.

### **Protection**

RCD protection will last for an initial period of five years from the date the application was filed and will be renewable for further periods of five years up to a total of 25 years.

Renewal fees increase over time: € 90 for years 5 to 9, € 120 for years 10 to 14, € 150 for years 15 to 19 and € 180 for years 20 to 25. For late renewals, add 25% (a good incentive to file on time!).

The owner of a RCD will have the exclusive right to use the design in the EU, and will be able to prevent unauthorised third parties from using the design, including making, offering, putting on the market, importing, exporting or using a product which incorporates the design. Another design will infringe a RCD if the infringing design does not produce a different overall impression on a user of the product (the "déjà vu" test again).

### **Enforcement**

Like the CTM, RCDs will be valid and enforceable throughout the 15 countries of the EU through nominated Community Design Courts. If a registration is invalid in, say, Spain, because of a pre-existing right, then it will be invalid throughout the EU.

Sanctions will include injunctions, seizure of offending products and the materials and tools used to make them.

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A version of this article first appeared in Howrey's IP Intelligence: Europe.



# Defining the Product Security Industry

**Susanne Hasselmann – Director, Marketing and Data Services, Axess Technologies Ltd ([www.axesstechnologies.com](http://www.axesstechnologies.com)) outlines an anti-counterfeiting service to which **MARQUES** members have a privileged access.**

Increasingly brand owners are realising the benefits of using security devices for anti-counterfeiting and tracking purposes. As a result, the market for security technologies is growing steadily year-on-year. However, there is still reluctance from some brand owners to employ security devices as part of their anti-piracy programmes. Legal enforcement often remains their only weapon in the fight against the pirates.

Brand owners and technology providers both have a number of concerns which the product security industry needs to resolve before it can expect the market for security technologies to flourish.

The first issue which both buyers and suppliers face is the lack of definition and cohesion in the industry. As an industry sector, product security has not been defined and there is no industry-wide recognition of product and technology classifications. This results in misconceptions about the use of the term product security and possible confusion of both users and suppliers of security technologies. The product security market is currently no more than a collection of technologies without any structure – but it is structure and the classification of sector groups that make an industry.

This lack of definition and cohesion in the industry contributes to the limited interest some brand owners show in the use of security devices as it is often difficult to understand and distinguish between technology groups. As a result, definition and categorisation of industry groups and terms is becoming an essential part of building this new sector – Product Security.

Axess Technologies, the industry's technical consultancy, has made the first step towards this process as a by-product of their development work for Axess DATA, the industry's supplier database. During the development process of the database,

Axess Technologies had to define the scope of the product security industry and the wide variety of different product groups within.

Product security itself was defined as "all technologies and products that are used for the protection of goods from counterfeiting, unauthorised diversion, tampering and theft". Although the main thrust of the industry concentrates on counterfeiting and to some extent unauthorised diversion, Axess Technologies believes that tampering and theft present an integral part of the sector.

According to Axess Technologies, anti-counterfeiting still represents the core of the product security market. Anti-counterfeiting technologies are defined as "Technologies that aid the deterrence of copying of product and/or packaging and the authentication of product by law enforcement and the public." Anti-counterfeiting devices can provide overt (authentication without any additional reading or authentication device), covert (authentication with the assistance of a reading device) and forensic (undetected by conventional analytical techniques, used to provide unequivocal evidence in court, often linked to lab testing) qualities. The technologies that are available for anti-counterfeit protection are vast and many have particular suitability to a specific situation or sector. They range from covert tagging systems to overt holographic labels and have been grouped into classifications of products such as taggants, inks, foils, paper with individual subgroups to define individual clusters such as biological, chemical and physical taggants, for example.

Unauthorised diversion and grey market activities are another issue faced by many brand owners, and it is the combination of this activity with criminal counterfeiting activities that is of great concern to manufacturers of branded goods. Tracking

systems are therefore of major importance and have been defined by Axess Technologies as "The identification of goods in transit to determine lifecycle history and deter unauthorised diversion and grey market activities". This definition demonstrated that tracking systems often have a dual function. In addition, solutions in this area of product security are often not supplied by the traditional manufacturers of anti-counterfeiting solutions. Technology providers are often migrants from the vibrant Auto ID sector. Again, classifications become important as tracking devices could include a whole range of different specifications, functionality and costs, ranging from tags for batch tracking to RFID for individual product tracking purposes.

In many instances, however, it is a mixture of different "piracy" problems that concern the brand owner. For example, anti-tamper protection is particularly important in the food, drinks and pharmaceutical industries and is also increasingly linked with anti-counterfeit devices. Tamper evident holographic labels, for example, are used to protect bottles of alcoholic beverages from tampering, whilst at the same time providing anti-counterfeit protection. Anti-theft devices in the retail environment have been part of our daily lives for many years. However, the functionality of RFID (Radio Frequency Identification) tracking systems and EAS (Electronic Article Surveillance) anti-theft devices cannot be separated from each other and soon many electronic tags will have multi-use, to include asset visibility and anti-theft applications.

More and more technology providers are entering the product security market and without a common structure and understanding of terms, the industry will not be taken seriously by the outside world, and in particular its customer, the brand owner.

# ACCESS AXESS for FREE

MARQUES Members are entitled to FREE and confidential access to the database of security systems Maintained by Axess Technologies Ltd.

All you need to do is call Miriam Gosling at +44(0)1264 369005 tell her that your company is a member of MARQUES and she will e-mail the appropriate log-in id and password to you together with a welcome pack.

Alternatively, you can register with AXESS DATA online at <http://www.axessdata.com/>

Again, please mention your membership of MARQUES in the industry association panel.

## “UltraPlus” Registrable! Kay-Uwe Jonas<sup>1</sup>

The Court of First Instance recently held that the Community Trade Mark “UltraPlus” is registrable. This decision is a ground breaking judgment and may become as important for Community Trade Mark Law as the famous “Baby dry” decision which was the first judgment of the European Courts with regard to the registrability of Community Trade Marks.

In the “UltraPlus” case, the applicant had filed an application for the community trade mark “UltraPlus” for plastic ovenware in international class 21. Both the examiner and the Board of Appeal found that the mark was not protectable as it was descriptive of the qualities of the goods in question and incapable of acting as a distinguishing sign.

The Court of First Instance held that neither “ultra” nor “plus” in itself designate a quality, quantity or characteristic of the goods in question which the consumer is able to understand directly. It was therefore not apparent that the relevant public would immediately and without further reflection make a definite and direct association between plastic ovenware and “UltraPlus”. The Court pointed out that it was a case of evocation and not designation for the purposes of Art. 7 (1) (b) CTMR if the excellence of a product was praised without directly and immediately informing the consumer of the goods’ qualities or characteristics. Furthermore, “UltraPlus” was held to be distinctive as it was perceptibly different from a lexically correct construction.

In earlier decisions, the Court had often assumed a sign to be merely descriptive or not distinctive. The trade mark “Companyline” e.g. was held to be devoid of any distinctive character because it was composed exclusively of the words “company” and “line” which simply denoted a line of goods for services for undertakings.

Meanwhile, however, courts generally seem to be more reluctant to deny the registrability of a trade mark. The German Federal Court e.g. recently held that the number “1” for cigarettes has distinctive character and that there is no necessity for the term to remain available. The “UltraPlus” decision might be an indication that courts have become more trade mark owner friendly as far as the registrability of a trade mark is concerned.

<sup>1</sup> Linklaters Oppenhoff & Rädler, Cologne a member firm of Linklaters & Alliance

## STOP PRESS: Arsenal Football Club v Reed

On 12 November 2002 the ECJ handed down judgement in favour of Arsenal Football Club in the following terms;

“THE COURT, in answer to the questions referred to it by the High Court of Justice of England and Wales, Chancery Division, by order of 4 May 2001, hereby rules:

In a situation which is not covered by Article 6(1) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, where a third party uses in the course of trade a sign which is identical to a validly registered trade mark on goods which are identical to those for which it is registered, the trade mark proprietor of the mark is entitled, in circumstances such as those in the present case, to rely on Article 5(1)(a) of that directive to prevent that use. It is immaterial that, in the context of that use, the sign is perceived as a badge of support for or loyalty or affiliation to the trade mark proprietor.”

# One site fits all; Online

by Richard Susskind\*

**British American Tobacco and Ford Motor Company are soon to launch an internet-based service, Anaqua, that brings to the market a fundamentally new way for clients to be served by their professional advisers ([www.anaqua.com](http://www.anaqua.com)).**

For any case or project within the intellectual property functions of BAT and Ford, Anaqua can provide a dedicated website. Such a site is conceived as an electronic master file containing relevant documentation from all sources and as a communications centre through which providers and their clients can interact.

Through informal networking over the past few years, BAT and Ford discovered that they shared a vision of using the net in this way. So complementary were their needs that they decided to work together on the project that consumed 15 man years of effort.

As the nerve centre for any deal, dispute or initiative, Anaqua enables users within BAT or Ford to retrieve all documents and files, monitor invoices and costs, generate and file tailored reports, send and receive e-mails that are automatically attached to the appropriate site and, more generally, manage the flow of individual matters. More, there is an asset management utility, a conflict tool, a linked knowledge management module, and a facility to enable intellectual property owners and their lawyers to assess the suitability of disputes for early settlement. From the professional provider's perspective, an Anaqua site will function as the repository into which advice and progress reports must be sent as well as an online tool to which they will have access (a suitably sanitised version of the internal site).

The driving force behind Anaqua is a closer and more effective collaboration between BAT and Ford and those with whom they work, including their lawyers, domain name managers, patent agents and inventors. The system brings all strands of work and advisers under the one virtual roof.

Online tools for collaboration are not new. Aside from generic services launched in the mid-1990s (for example, [www.intralinks.com](http://www.intralinks.com)), several English-based law firms, from early 2000, took the lead in the legal marketplace by launching branded sites:

Allen & Overy ([newchange.com](http://newchange.com)),  
[www.newchange.com](http://www.newchange.com)),  
Linklaters ([Clients@Linklaters.com](mailto:Clients@Linklaters.com)),  
[www.linklaters.com](http://www.linklaters.com)) and Clifford Chance ([CliffordChanceConnect.com](http://CliffordChanceConnect.com)),  
[www.cliffordchance.com/connect](http://www.cliffordchance.com/connect)).

These first systems were generally well received by clients, although they were regarded as the first (and not the last word) in improved communications. In particular, those who instruct many law firms (and some engage hundreds) have found it unsatisfactory to have to visit the many different sites of their many advisers. Instead, clients have been saying that they want to monitor their entire matter load from one single online location.

This is what Anaqua offers. The centre of gravity becomes the work and convenience of the client; and not that of the lawyers or other professionals.

Here lies the fundamental shift.

Where does this leave law firms that have invested in their own client relationship systems? The far-sighted firms should be well placed. They should comfortably accommodate Anaqua as one of a variety of online facilities. Further, the firms that have been providing access to their own services should find it easiest – technically and culturally – to feed the relevant files into Anaqua type environments. That said, the opportunities for law firms to gain competitive advantage simply by offering online communication or collaboration are steadily diminishing.

Interestingly, BAT has added an extra edge with Anaqua by making it clear that its use by its professional providers is to be non-optional. If you want to advise BAT's intellectual property function, you must use Anaqua. Rarely in this field, if ever, has an injunction been so starkly formulated.

To cap it all, it appears to be BAT and Ford's intention to make the system available at no cost to any company that wishes to use it in managing its external advisers. It remains to be seen whether Anaqua will emerge as the industry standard for which many in the online deal-room community have clamoured over the past two years. But what is crucial is that a sophisticated tool that will require many firms comprehensively to re-visit many of their working practices will shortly be widely available.

\*First published in The Times, Tuesday 24 September 2002. The author consults and lectures internationally on technology and the law. He is IT adviser to the Lord Chief Justice and Gresham Professor of Law. e-mail: [richard@susskind.com](mailto:richard@susskind.com). The editor is grateful to both Richard Susskind and The Editor of the Times for permission to reproduce this article.



# Trade Mark Use in Hungary

by Dr. Éva Szigeti<sup>1</sup>

**The applicant is the owner of the international device mark MANPOWER No 588.266 (date of priority January 22, 1992) to ensure protection for classes 16, 35, 37, 40 and 41 in accordance with the Nice Agreement.**

On the request of the opposing party, the Hungarian Patent Office established the cancellation of the trade mark protection of MANPOWER as the applicant had not proved the use of the trade mark in the previous five years and had not refused the non-use of the trade mark.

The court of first instance refused the applicant's request for the reconsideration of the Office's order.

The Metropolitan Court concluded that the burden of proving the actual use of his trade mark in the given period against the opposing party's claim of non-use was on the applicant's side. The Court established that advertisement activity, the occurrence of which was claimed by the applicant in the proceedings both before the Office and the court of first instance, qualifies as trade mark use, however the brochures and leaflets enclosed by the applicant showing the trade mark do not prove the actual use *in se*. The mere existence of such leaflets is not sufficient to prove that the advertisement material actually reached the members of the market, who thus could have been able to know the given trade

mark and associate it with the services. The receipts to verify reproduction also merely prove the fact that the advertisement material has been produced, not that it has been distributed. This should have been proved by uninterested persons, however, this has not occurred. The Metropolitan Court did not hear the managing director of the owner nor his deputy, since no uninterested statement could have been expected from them.

The applicant's statement, claiming that he had used the trade mark in business correspondence but could not prove it because the documents had been destroyed, was not regarded by the Court as an excuse, since this a default whose burden is on the applicant's side. Moreover, it can be concluded from this fact that the applicant was negligent concerning the "thorough procedure" prior to entering the market when he destroyed his business correspondence proving his trade mark use.

The applicant lodged a request for reconsideration against the order at the Supreme Court, in which he requested that the court order and the order of the

Hungarian Patent Office be annulled, and the opposing party's request for cancellation be rejected.

However, according to the ruling of the Supreme Court, the request for reconsideration was unfounded. In the proceedings initiated for the establishment of cancellation because of non-use, the Metropolitan Court correctly concluded that, against the opposing party's claims, trade mark use in Hungary should have been proved by the applicant, as he is the owner of the trade mark. The order correctly and reasonably considered the evidence enclosed (the Hungarian language leaflet, though not indicating the date, German language receipts verifying photocopying in Vienna, and the applicant's owner's and managing director's statements under oath), since this evidence does not undoubtedly prove that the applicant actually used the trade mark in Hungary, on fairs and exhibitions distributing the leaflets containing the trade mark, to advertise or introduce the applicant's service.

According to the Supreme Court, the applicant had made a clear statement via his representative regarding the method of the use of the trade mark as a relevant fact. The hearing of these persons as witnesses would only mean the repetition of their statements. Thus, no uninterested and unbiased evidence to be regarded as objective proof can be expected from the above persons. The omission of such verification did not render the Metropolitan Court's proceedings unlawful *in se*, and does not qualify as unfounded as to the legally binding order.

## One site fits all: Comment

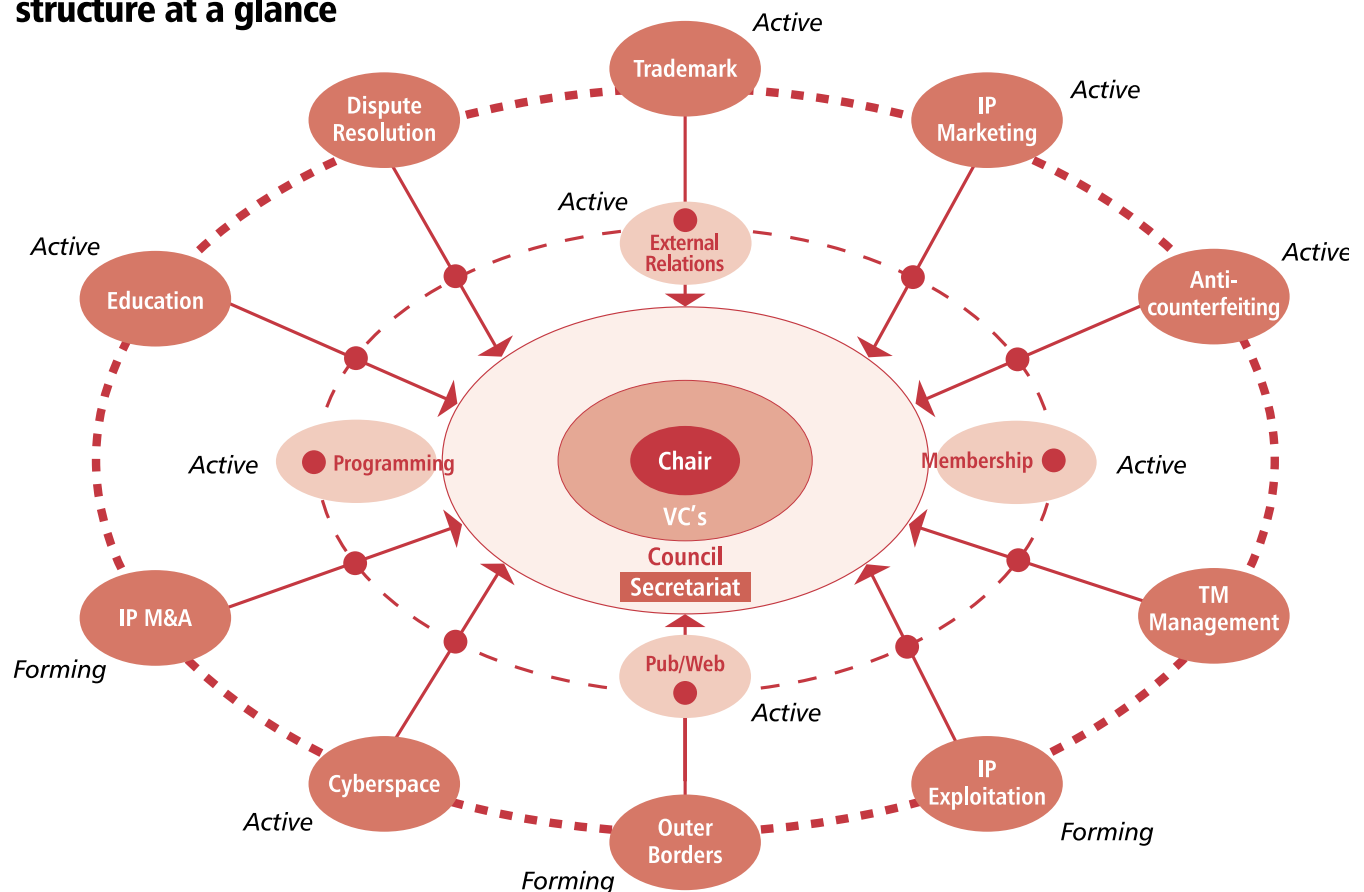
Tony Moss<sup>1</sup>, speaking for both BAT and Ford, commented upon Richard Susskind's article by saying that implementation of Anaqua is proceeding on schedule. It is already running "live" at BAT and at Ford with a full online service to approximately 30 law firms expected by the end of 2002.

Meanwhile, increasing interest in the system has been shown by brand owners, law firms and IP agents around the world. Plans are under way to make Anaqua commercially available and it is intended to ensure that it will be affordable for all.

<sup>1</sup> Head of Legal Technology and Administration, British American Tobacco plc

# MARQUES Governance

## Management and Project Team structure at a glance



## THE COUNCIL 2002/2003

Full details of the Chairmen and members of each active and formative Team can be found at: <http://www.marques.org/teams>

Chairman: **Tove Graulund** (Denmark)

Vice-Chairman (Programming):  
**Ingrid de Groot** (Netherlands)

Vice-Chairman (External Relations):  
**Jane Collins** (Switzerland)

Vice-Chairman (Marketing):  
**Hanne Weywardt** (Denmark)

**Isabel de Minvielle Devaux** (UK)

**Charlotte Falck** (Denmark)

**Nicholas Foot** (UK)

**David Goldring** (UK)

**Kay-Uwe Jonas** (Germany)

**Marius Knijff** (Netherlands)

**Danielle le Carval** (France)

**Anouk von Meyenfeldt** (Netherlands)

**Caroline Pearlstein** (USA)

**Carles Prat** (Spain)

**Bruce N Proctor** (UK)

**Jette Sandel** (Denmark)

**Shane Smyth** (Ireland)

**Paul Steinhauer** (Netherlands)

**Massimo Sterpi** (Italy)

**Eva Szigeti** (Hungary)

**Nunzia Varricchio** (Belgium)

Secretary General: **Colin Grimes** (UK)

*NOTE: Council is composed of up to 40 members with not more than six from any individual country; not more than six drawn from countries outside of Europe and not more than 14 Special Members.*

**MARQUES**

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