



KADOR & PARTNER

NEWSLETTER

May 2000

- Concerning Us
- CTM Update
- Domain Names: New ICAN Uniform Dispute Resolution Policy
- European Curt of Justice “Chevy” Decision
- European Commision: New Block Exemption Regulation on Vertical Agreements
- Community Trademark Office: Recent Decisions
- Further Topics

80469 München
Corneliusstr. 15
Tel: +49 89 201 52 52
Fax: +49 89 201 52 42 & 2 0144 54
IntellectualProperty@csi.com
<http://www.KadorPartner.de>

London SW1V 1QL
99 Warwick Way
Tel: +44 20 78 34 85 89
Fax: +44 20 76 30 02 86
JACooper@KadorPartners.com

01309 Dresden
Loschwitzer Str. 28
Tel: +49 351 310 39 90
Fax: +49 351 310 39 91
Mobile Phone: + 49 177 242 01 04
Kaufmann@KadorPartner.de

03001 Alicante
Castaños 10-Atico 3
Tel: +34 96 521 57 58
Fax: +34 96 521 57 58

I. CONCERNING US

Kador & Partner is Number 12 in Germany

The British Journal "Managing Intellectual Property" makes an annual international survey to determine the "leading intellectual property firms". Ten firms are listed for the major countries. It is of course all the big firms with 50 and more attorneys which are listed.

Being curious, we called the editor of the journal to ask him whether he could check his computer records and tell us where our firm would rank. There are about one thousand IP firms in Germany, so it makes a bit of a difference whether we would be listed toward the beginning or toward the end.

The result of our inquiry was that our firm was listed **at number 12** in the country. We were of course very pleased about this outcome. The result seems to us even more surprising considering that we specialize very highly in the area of chemistry, so that a person working mainly in the electrical or mechanical field would hardly nominate us under the leading IP firms. Anyhow, we are proud of the international reputation of our firm.

Under the arch

The symbol of our firm, the arch, stands for the protection of intellectual property "under the arch". Our team works hard to obtain the necessary protection for your rights and to shelter them under the arch to that they can prosper and become strong assets for you.

My fax number problem

I have a small but recurring problem which I call my "fax number problem". When trying to dial a telephone number from e.g. a letter-head it repeatedly happens to me that I end up with the fax tone instead of the desired personal connection. It's probably just due to my careless reading.

My small problem gets worse if I jot down the number to call later. When I do this and hear the "beep" I often don't have access to the correct telephone number any more, at least not at that moment.

My best idea for solving my little problem is to introduce an "F" at the third digit of all fax numbers, e.g. "00F1-212-4078380" or "58F-46415". Any better idea?

Utz

Trademark litigation

With three fully qualified lawyers working on trademark cases, Kador & Partner is more and more frequently representing its clients in trademark litigation before court, particularly in trademark infringement and cancellation actions. Representing our clients before court has become easier since the limitation of representation in civil law cases to the local court where the lawyers are admitted to the bar has been abolished in Germany as of January 1, 2000. This means we can now directly represent our clients' trademark cases before all the civil law courts in Germany (except the Federal Supreme Court), without having to use a local attorney. At present we have one trademark case pending in appeal before the Federal Supreme Court.

Conversion of Community Trademarks - A Publication in ECTA Newsletter No. 38

ECTA published an article by Jennifer Clayton-Chen in its Newsletter No. 38 of October 1999. The article deals with the conversion of Community trademarks in Germany.

If a Community trademark application fails, or if a Community trademark registration ceases to have effect, it is possible to convert it into national trademark applications in the EU Member States, maintaining the application or priority date - and, where applicable, the seniority - of the Community trademark.

The conversion process is a two tier system, involving firstly the conversion procedure before the Community Trademark Office in Alicante, and secondly the conversion procedure before the na-

tional Patent and Trademark Offices. In Germany, certain formalities have to be fulfilled and a national conversion fee has to be paid which is equivalent to the national filing and class fees. Depending on whether the Community trademark was already registered or not, the converted trademark will either be registered immediately, with no subsequent opposition procedure, or it will enter the German examination, registration and opposition procedure like a German trademark application.

Copies of the No. 38 ECTA Newsletter can be ordered from ECTA Secretariat, Bisschophenhoflaan 286, Box 5, B-2100 Deurne-Antwerpen, Belgium, Tel. +32-3-326 47 23, Fax +32-3-326 76 13.

II. CTM UPDATE

Community Trademark System shows high user satisfaction

The INTA Community Trademark Office Subcommittee with Dr. Utz Kador as the German representative, conducted a survey on user satisfaction with the Community Trademark System.

The most striking feature to emerge from this survey is the very high level of user satisfaction for virtually every aspect of the system. Moreover, the survey reveals an especially high user satisfaction for interactions with the Office for Harmonization in the Internal Market (OHIM). The following special points of interest were noted: CTM application requirements and procedure; searches; oppositions; transparency. A complete copy of the report on the survey can be accessed in the "What's New" section on INTA's website at www.inta.org.

Opposition statistics

By mid June 1999 the Opposition Division had received a total of about 16.000 oppositions. About 11.000 had been filed in 1998. It can be seen that the opposition rate continues to be slightly under 20 % of the Community trademark applications published. The Opposition division has now rendered 1.100 decisions, 300 of which were on purely pro-

cedural issues and 800 of which were on substantive issues, 350 refusing the opposed Community trademark applications, totally or partially, and 450 accepting the Community trademark and refusing the opposition.

The number of appeals filed against decisions of the Opposition Division constitutes around 27 % of the cases. The Boards of Appeal have taken 15 decisions on the opposition cases, 12 reversing the contested decision and 3 confirming it.

Opposition decisions based on case law of the European Court of Justice

Based on our practical experience in Community trademark opposition matters we can report that the European Court of Justice decisions CANON (on similarity of goods and services), PUMA (on similarity of signs), LLOYDS (general approach) and CHEVY (on reputation) have influence on the OHIM's opposition practice and are frequently quoted in the decisions. The CANON, PUMA and LLOYDS decisions were reported in our earlier NewsLetters. The CHEVY decision is discussed in this NewsLetter (see IV).

III. DOMAIN NAMES: NEW ICANN UNIFORM DISPUTE RESOLUTION POLICY

According to the description published in its website (www.ICANN.org), ICANN (Internet Corporation for Assigned Names and Numbers) was formed to take over responsibility for the IP address space allocation, protocol parameter assignment, domain name system management, and root server system management functions previously performed by other organizations, including Network Solutions Inc. (NSI). ICANN is responsible for accrediting registrars for the registration of generic top-level domains (TLDs), at present .com,.net and .org.

In August/October 1999, ICANN adopted a Uniform Domain Name Dispute Resolution Policy (UDRP), (see www.ICANN.org/udrp/udrp-policy-24oct99.htm for details), which is effective for all ICANN-accredited registrars and is incorporated by

reference into the registration agreement with parties who register a domain name. The UDRP provides, in the case of certain disputes over domain names, for a mandatory administrative proceeding before one of the ICANN accredited dispute resolution service providers, which are listed at and can be accessed from www.icann.org/udrp/approved-providers.htm. According to the status at the time of preparing this article, three dispute resolution providers are now accredited, namely the World Intellectual Property Organization (WIPO), the National Arbitration Forum, and Disputes.org. The UDRP is designed to offer trademark owners an efficient and cost-effective mechanism for resolving disputes with cybersquatters.

The first dispute under the UDRP was filed with WIPO on December 2, 1999, one day after the new rules took effect. The case was decided on January 14, 2000, by ordering the domain name owner, a California resident, who had registered the domain name www.worldwrestlingfederation.com and had offered it for sale three days later to the World Wrestling Federation, to give up the infringing domain name. At the time of writing this article, WIPO's Arbitration and Mediation Center has already issued more than fifty decisions, which are published and can be searched on www.arbiter.wipo.int/domains/decisions/index.html

IV. EUROPEAN COURT OF JUSTICE: "CHEVY" DECISION

Since our last NewsLetter, the European Court of Justice has issued a decision dealing with the concept of a trademark which "has a reputation" in "a Member State" as required in Article 5 (2) of the Trademark Harmonization Directive. Since, in the specific case, the trademark concerned was registered as a Benelux trademark, which is valid in three Member States, the question to be decided was whether the trademark concerned must have a reputation throughout the Benelux countries or whether it is sufficient for this condition to be satisfied in part of that territory. This question was answered by the Court to the effect that it is sufficient for a Benelux trademark to have a reputation in a substantial part of the Benelux territory, which

part may consist of a part of one of the Benelux countries.

More generally, the Court stated that, in order to have acquired a reputation, the trademark must be known by a significant part (not by any given percentage) of the public concerned by the products or services covered by the trademark. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trademark, the intensity, geographical extent and duration of its use, and the size of investments made in promoting it.

V. EUROPEAN COMMISSION: NEW BLOCK EXEMPTION REGULATION ON VERTICAL AGREEMENTS

On December 22, 1999, the Commission adopted new competition rules for the distribution sector, i.e. agreements for the sale or purchase of goods or services between companies operating at different levels of the production or distribution chain, in particular industrial supply agreements, exclusive and selective distribution agreements, franchising agreements and non-compete agreements in certain industrial sectors. According to the press release of the Commission, the Regulation will reform a key area of European competition policy. The new Regulation prolongs Regulation 1983/83 on exclusive distribution agreements, Regulation 1984/83 on exclusive purchasing agreements, and Regulation 4087/88 on franchise agreements until June 1, 2000, and will replace them thereafter. Existing agreements between companies will continue to benefit from the current regulations until the end of 2001.

The main aim of the Commission's new approach is to simplify the rules and to shift from the previous regulatory approach to a more economic approach, by providing automatic exemption if the supplier, or, where there are exclusive supply obligations, the buyer, has a market share of less than 30%. Above this threshold the automatic exemption will not apply, but will on the other hand also not

be presumed to be illegal; instead, an individual exemption may be required.

The automatic exemption will not apply, and individual exemption will be unlikely, in the case of several types of competition restrictions referred to by the Commission as "hard core" restrictions, in particular sales price restrictions and certain types of territorial and customer protection restrictions. Certain sales restrictions, in particular non-compete obligations exceeding five years, and post agreement restrictions, will not be automatically exempted but may be individually exempted.

The Commission is still working on the accompanying Guidelines, which will contain more details and examples, and which may be published in the course of spring, 2000.

VI. COMMUNITY TRADEMARK OFFICE: RECENT DECISIONS

"Giacomelli Sport & Device"

The applicant had claimed the mark "Giacomelli Sport (fig.)" in relation to *inter alia* the following specification under Class 35: "*Bringing together, for the benefit of others, of a variety of goods - excluding transport - to enable consumers to view and to buy the products*".

It was OHIM's practice to view such services as equivalent to "retail services" which have not been accepted by OHIM since the beginning of the Community Trademark system four years ago. Accordingly, the application was refused, and the applicant appealed.

On December 17, 1999, in the above mentioned case (Case R 46/1998-2), the Second Board of Appeal reversed the OHIM examiner's decision and decided that, in principle, a retail sale service should be accepted as registerable under the CTM system, provided the service included a reference to the field in which the service is rendered, for example "retail services in the field of sport goods".

The Board of Appeal remanded the application back to the examiner to provide the applicant with

the opportunity of amending the list of services, by providing an indication of the goods in respect of which the service of retailing shall be rendered. The decision may be found on OHIM's web site at <http://oami.eu.int/en/marque/decisappel/decis46-98en.htm>.

Comments: This is an important decision and should be widely welcomed by retailers. However, the decision is in obvious contradiction with the view of EU national trademark offices and courts. Most of them refuse to recognize "retail services" as services for which registration may be granted on the ground that "retail services" are merely ancillary to the sale of goods and do not constitute a service for the benefit of others. OHIM is in the process of defining its future approach in this matter and is now undertaking a consultation process with EU national trademark offices and with interested organizations before reviewing its practice. Whether the decision will be followed generally by OHIM and by EU national trademark offices and courts remains to be seen.

VII. SEIZURE AT CUSTOMS: COUNCIL REGULATION No. 241/1999

Council Regulation (EC) No. 3295/94 has been amended by Regulation (EC) No. 241/1999 effective as of July 1, 1999. The Regulation provides a wider protection to owners of intellectual property rights in the EU. One of the main aims was to strengthen the Community trademark and to reduce administrative work and expenses in favor of Community trademark owners by providing the possibility of filing one single application with Customs Authorities of only one Member State and thereby seeking actions from Customs Authorities of several or all of the Member States. In addition to counterfeit goods that infringe a trademark registration, a copyright or a design registration, which had already been covered by the Regulation, the Regulation has been extended to include counterfeit goods that infringe patents or supplementary protection certificates. Furthermore, the Regulation has been amended to cover goods in transit, i.e. goods placed in a free zone or free warehouse.

The amended Regulation facilitates the prevention of import of counterfeit and pirated goods into the European Union by owners of patents and Community trademarks.

VIII. FURTHER TOPICS

EU Designs Directive

Largely unnoticed by the public, the EU Directive on the Legal Protection of Designs (Designs Directive) has been adopted and enacted in October 1998. This Directive, similar to the previous Trademark Harmonization Directive, is intended to harmonize national design laws throughout the EU. This topic is now gaining interest as the date for implementation into national laws (October 2001) is approaching.

The main concepts of the Directive are outlined in Article 1 which defines a "design" as the appearance of the whole or part of a product determined by the shape, color, material, etc., of the product itself and/or its ornamentation. Accordingly, individual parts assembled into complex products are also potential subject matters of protection under the new Directive.

The requirements for protection are novelty and individual character as set out in Article 3 of the Directive. If parts of complex products are to be protected these parts have to be still visible during normal use of the product. The novelty criterion is fulfilled if no identical design has been made available to the public before the application or priority date. Whether a design is considered to have individual character depends on the overall impression the design has on informed users. This impression must clearly be different to other designs which are already known.

A further interesting provision of the Directive is that the designer or his legal successor is granted a grace period for novelty of one year for the application of the design. This means that a disclosure of the design by the designer himself will not be considered in assessing novelty during this year. Protection shall not be available to features of a prod-

uct which are exclusively due to its technical function, however.

The term for protection will initially be five years which may be extended to a maximum of 25 years. The Directive does not affect other national legal provisions for the protection of designs, e.g. copyright protection.

Japan and Italy join Madrid Protocol

Japan has joined the Madrid Protocol effective as of March 14, 2000, and Italy effective as of April 17, 2000, bringing the number of members of the Madrid Protocol up to 44.

United States to join Madrid Protocol in the near future

According to an INTA report, the United States and the EU have finally reached an understanding on voting rights which will enable the United States to join the Madrid Protocol. According to INTA, the instrument of accession should be deposited with WIPO by approximately the middle of 2001.