FROSS ZELNICK LEHRMAN & ZISSU, P.C.

INFORMATION LETTER

EDITOR: KAREN LIM

MARCH 2017

FROSS ZELNICK is proud to announce the relocation of its New York City headquarters to 4 Times Square, 17th Floor, New York, NY 10036, as of Monday, January 30, 2017. Located at key crossroads, on Broadway between 42nd and 43rd Streets, our offices are a short walk from such convenient transportation hubs as Grand Central Terminal, Penn Station and the Port Authority Bus Terminal. 4 Times Square has been recognized as one of the world's first "green" skyscrapers—the first of its generation to include energy-efficient lighting, high-performance windows, natural gas-powered absorption chillers/heaters, and many other innovative sustainability features. We have designed our own interior space on the 17th floor to create a balance between the collaborative open spaces that reflect the client team approach we have always prized, and the need for quiet, private spaces where confidential and strategic matters can be analyzed with discretion.

WE ARE PLEASED TO ANNOUNCE THAT JASON D. JONES became a Partner of the firm effective January 1, 2017. Jason litigates copyright, trademark, unfair competition, false advertising, design patent, and related commercial matters in U.S. federal, state and administrative courts. He also counsels and advises clients concerning intellectual property matters and negotiates trademark and copyright licenses, and coexistence and settlement agreements. Mr. Jones has represented clients in a diverse array of industries. For example, he has successfully enforced intellectual property rights or defended against infringement allegations in cases involving luxury clothing, beauty products, book publishing, automotive products, food and beverages, not-for-profit charities, and musical performers. Mr. Jones is a member of the Intellectual Property Committees of the Federal Bar Council and New York State Bar Association. He is also an Adjunct Professor at New York Law School, where he teaches a seminar on litigating intellectual property cases in federal court. Mr. Jones graduated from Hendrix College (B.A. 2000) (cum laude with distinction) and earned his law degree from The University of Texas at Austin (J.D. 2004) (Order of the Coif), where he was an Associate Editor of the Texas Law Review. Before joining Fross Zelnick, Mr. Jones' experience included a federal clerkship with the Honorable Vaughn R. Walker, Chief District Judge, United States District Court for the Northern District of California.

MANAGING INTELLECTUAL PROPERTY in its 2017 "IP Stars" rankings placed Fross Zelnick in Tier 1 in the United States for Trademark Contentious and Trademark Prosecution. The publication's Copyright rankings for 2017 are not available at this time.

WORLD TRADEMARK REVIEW'S 2017 edition of "WTR 1000" named Fross Zelnick among the world's leading trademark firms for both Enforcement and Litigation, and Prosecution and Strategy. The publication praised the firm as "stunning . . . with strengths in all areas of trademark prosecution and litigation, domestic and international" that "performs fantastically on short notice." It lauded the firm's lawyers as "completely client-driven, collaborative and creative." Specifically mentioned are **LAWRENCE APOLZON** and **BARBARA SOLOMON** ("their expertise, responsiveness and level of service are unparalleled"), **CARA BOYLE** ("a really thoughtful practitioner"), **CARLOS CUCURELLA** ("an expert in his field" and "the type of attorney you are proud to know and work with"), **DAVID DONAHUE** (his "soft IP experience is virtually boundless"), **SUSAN UPTON DOUGLASS** ("one of the finest trademark lawyers in the United States"), **DAVID EHRLICH** and **MARK ENGELMANN** ("prosecute and counsel with panache"), **LYDIA GOBENA** ("fully understands clients' need and risk tolerances"), **JANET HOFFMAN** ("extremely broad international knowledge and a great network of contacts"), **NADINE JACOBSON** ("seamlessly stitches domestic and foreign strategy together"), **RICHARD LEHV** ("top-notch negotiation skills"), **JOHN MARGIOTTA** ("impressively smart"), **CRAIG MENDE** ("tough and relentless"), **ALLISON STRICKLAND RICKETTS** ("knows the Madrid system like the back of her hand"), **PETER SILVERMAN** ("excellent in global enforcement and litigation strategies"), **JAMES WEINBERGER** ("smart and business-minded"), and **ROGER ZISSU** ("famed for his vibrant copyright practice").

DAVID DONAHUE coauthored an amicus brief submitted to the U.S. Supreme Court on behalf of the International Trademark Association (INTA) in support of the petition for a writ of certiorari seeking review of the U.S. Court of Appeals for the Fourth Circuit's decision in *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016). INTA urged the Supreme Court to grant the petition so that it could resolve a split among various U.S. circuit courts as to whether and under what circumstances a foreign trademark owner who does not use its mark in the U.S. has standing to object to the use and registration of the mark by another in the U.S. The Supreme Court denied the petition on February 27, 2017, thus leaving the split among circuit courts in place for now. For background on the *Belmora* case, please see June 2015 and June 2016 Newsletters.

ERICA GOULD was quoted in the article, "New Opportunities for Global Brand Owners," published by Managing Intellectual Property on November 27, 2016. She commented on the challenges facing U.S. entities who wish to protect their trademarks in Cuba.

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UNITED STATES

Supreme Court: COURT RULES ON DAMAGES FOR DESIGN PATENT INFRINGEMENT

Apple Inc. v. Samsung Electronics Co., Ltd. et al, 137 S. Ct. 429 (2016)

The ongoing design patent infringement action between Apple, Inc. ("Apple") and Samsung Electronics, Co. ("Samsung"), over smartphone designs took yet another turn on December 1, 2016 when the U.S. Supreme Court set aside the $400 million in damages awarded Apple. The Supreme Court also remanded the case for further proceedings.

The jury award of damages reflected the "total profit" of all infringing phones Samsung sold. But Samsung appealed and questioned whether this award was justified under Section 289 of the U.S. Patent Act.[1] This section mandates the award of the "total profit" of an infringing "article of manufacture" as appropriate damages in a design patent infringement case. Applying this statute as directed by the trial court, and considering the vast sales numbers of Samsung phones, the jury arrived at damages that were over $800 million (the trial court later reduced this to $400 million). On appeal, the Federal Circuit Court of Appeals found the award consistent with the plain wording of Section 289 of the Patent Act.

However, a unanimous Supreme Court disagreed, and held that an "article of manufacture" embodying a patented design could be just a component of an overall device, and not necessarily its entirety. As such, awarding the "total profit" based on sales of the entire device would not necessarily be warranted. But having established this crucial distinction, the Court proceeded no further. Citing a lack of briefing by the parties on the issue, the Court declined to set out a test to determine what the relevant "article of manufacture" may be.

Subsequent proceedings have so far shed no further light on what an "article of manufacture" comprises in any given design patent infringement context. On February 9, 2017, the Federal Circuit remanded the case back to the trial court, the United States District Court for the Northern District of California. The Federal Circuit opinion stated that "the district court is better positioned to parse the record to evaluate the parties' competing arguments." The Federal Circuit also held that the further proceedings could include a new trial on damages, but did not mandate this.

With more proceedings and appeals likely, it seems it will be quite some time before any final test is fashioned. But in its decision, the Supreme Court recognized potential unfairness in awarding exceptional damages based on all profits from the sales of a product in cases when an infringing design is less significant when compared with other product features. In a way then, the Court's decision sought balance between the gravity of the infringement and the remedy.

However, striking this balance would be difficult in view of Section 289 of the Patent Act, and its award of the "total profit" for an "article of manufacture." This statute was derived much later from an earlier statute adopted to counteract the holding in a nineteenth-century Supreme Court case (*Dobson v. Dornan*, 118 U.S. 10 (1886)). *Dobson* required the apportionment of profits that were actually attributable to the infringing design. As such, without disturbing the statutory intent of Section 289 and its award of the "total profit," it would have been difficult for courts to allow an apportionment of damages to cover only those fewer profits attributable to the design. The Court then dealt with this by interpreting Section 289's "article of manufacture" more broadly to encompass components of a product, and not only the design, and thus balancing the monetary effect of design infringement.

Balance may be a worthy objective, but properly fashioning and applying a test that could find numerous "articles of manufacture" in a single product clearly has its challenges. One of these is determining the nature and role of the design in any given product. It seems though that those designs deriving most, if not all, of their appeal as an "article of manufacture" from aesthetic features would be subject to a proportionally larger award of profits (if not the total profit).

1 35 U.S. Code § 289

For instance, fashion designs such as shoes, clothing, handbags, fragrance containers and other products with a pronounced aesthetic component and composition would seemingly be found to have fewer distinct "articles of manufacture" for purposes of assessing total profits in infringement actions. For products like these where the exterior designs are the paramount concern, the *Apple v. Samsung* decision may have little effect on computing damages.

But even for such fashion items, subsequent decisions may open the door to more complicated and involved damages phases for trial courts to wade through as accused infringers parse utilitarian features from the decorative in order to identify separate "articles of manufacture" and subtract their "profits" from any potential damages award.

Much remains to be done before there is more certainty as to what damages are available under Section 289 for any given infringed design. Nonetheless, in the U.S., there are few alternatives to design patenting in the protection of product design. Copyright has a very limited role and will not cover primarily utilitarian articles at all. Trademark protections, meanwhile, will not attach to many products unless the design is non-functional and it achieves distinctiveness or "secondary meaning,", usually through extensive sales and promotions over years.

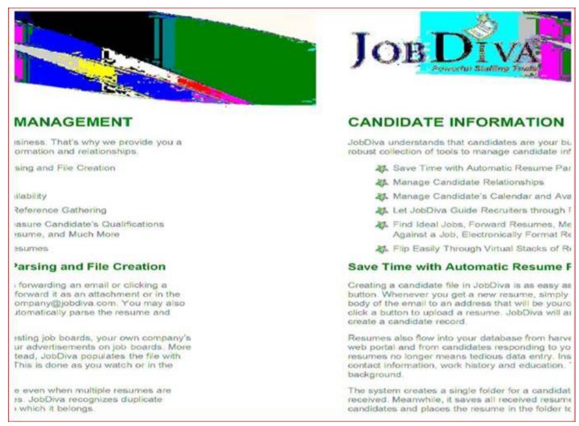
So even though the total of damages to be awarded may be difficult to ascertain for various patented product designs, the mere fact that design patents provide a ready source of protection with available monetary damages of at least some sort, still provides a significant deterrent to potential infringers.

-CTJW

Federal Circuit: SPECIMEN SHOWING USE OF MARK FOR SOFTWARE MAY ALSO SHOW USE FOR SERVICES

In re. Jobdiva, Inc., 121 U.S.P.Q. 2d 1122 (Fed. Cir. 2016)

Registrant, JobDiva, owned registrations for "personnel placement and recruitment," but submitted as a specimen a web printout showing that it offered software on a platform (SaaS) that allowed subscribers to locate pertinent jobs. *In re. JobDiva, Inc.*, 121 U.S.P.Q. 2d 1122, 1124 (Fed. Cir. 2016). The specimen, which was submitted to the USPTO with the renewal application, looked (in part) like this:



Although the USPTO accepted the specimen, the registrations were challenged in the context of a cancellation petition filed by JobDiva against a third-party registration. The TTAB agreed that the specimen did not show use in commerce for "personnel recruitment and placement," but rather, only for software. *Id.* The Board noted that there was no reference to the personnel recruitment and placement services on the specimen:

> The Board started its analysis of JobDiva's use of its marks by defining the scope of JobDiva's registrations for "personnel placement and recruitment" services and consulting dictionary definitions for each word. Combining these definitions, the Board found that "personnel placement and recruitment"

> meant "that [JobDiva] is finding and placing people in jobs at other companies or providing personnel staffing services for others."
>
> To prove its use of the marks in connection with personnel placement and recruitment, JobDiva had submitted screenshots from its website and a declaration of its CEO, Diya Obeid. But the Board found JobDiva's evidence insufficient, explaining that [t]here [was] no reference . . . to Petitioner's performance of personnel placement and recruitment services other than supplying Petitioner's software." The Board concluded that, "[s]ince there is no evidence of use of Petitioner's marks in connection with 'personnel placement and recruitment' services, there has been nonuse for three consecutive years." The Board therefore cancelled the '917 registration in whole and amended the '235 registration to delete "personnel placement and recruitment."

Id. (citing *JobDiva, Inc. v. Jobvite, Inc.*, Cancellation No. 92050828, 2015 WL 2170162, at *6 (T.T.A.B. Apr. 16, 2015) (internal citations omitted)). On appeal, the Federal Circuit vacated and remanded the Board's decision for further factual consideration by the Board. *Id.* at 1127. In particular, the Board was faulted for applying a "bright-line" test that the services covered by the registration must be offered and referred to <u>apart from the software</u>:

> But while the Board rightly recognized that it is crucial to carefully review the manner of use of the marks and their likely impression on purchasers, it nevertheless appeared to apply a bright-line rule requiring JobDiva to show that it performed the personnel placement and recruitment" services in a way other than having its software perform those services. It stated, for example, that "there is no testimony or evidence that supports [JobDiva's] claim that it is rendering 'personnel placement and recruitment' *as an independent activity distinct* from providing its software to others." (emphasis added). The Board repeatedly faulted JobDiva for failing to prove that it offered personnel placement and recruitment services *in addition* to its provision of software.

Id. at 1126 (citing *JobDiva Rehearing*, 2015 WL 3542849, at **2, 4 (T.T.A.B. May 20, 2015) (internal citations omitted)). The Federal Circuit then articulated the correct test for evaluating specimens that refer to services but essentially are software-driven:

> At bottom, we recognized that software may be used by companies to provide services.
>
> …
>
> To determine whether a mark is used in connection with the services described in the registration, a key consideration is the perception of the user. The question is whether a user would associate the mark with "personnel placement and recruitment" services performed by JobDiva, even if JobDiva's software performs each of the steps of the service. In other words, the question is whether the evidence of JobDiva's use of its marks "sufficiently creates in the minds of purchasers an association between the mark[s] and [JobDiva's personnel placement and recruitment] services."

Id. (citing *Lens.com, Inc. v. 1-800 Contacts, Inc.*, 686 F.3d 1376, 1381–82 (Fed. Cir. 2012); *Ancor Holdings*, 2006 WL 1258813, at *3 (T.T.A.B. Apr. 28, 2006) (internal citations omitted)). The Court noted that if the software were purchased by the consumer and there was no further contact, this would not likely qualify. *In re JobDiva* at 1126. However, if consumers interact with the software on the software platform, there could well be an association between the trademark owner and the service "performed" by the software:

> [I]f the software is hosted on JobDiva's website such that the user perceives direct interaction with JobDiva during operation of the software, a user might well associate JobDiva's marks with personnel "placement and recruitment" services performed by JobDiva.

Id. This decision, which is precedential, will be helpful in allowing coverage for many Class 35 services when the trademark owner has SaaS software offered on its platform.

-*SUD*

Federal Circuit: In-State Sale Of Two Hats Constitutes Use In Commerce

Christian Faith Fellowship Church v. adidas AG, 120 U.S.P.Q. 2d 1640 (Fed. Cir. 2016))

On appeal by Christian Faith Fellowship Church (the "Church"), the Federal Circuit reversed a judgment by the Trademark Trial and Appeal Board cancelling the Church's trademarks for failure to use them in commerce before registration. In response to a petition filed by adidas AG ("Adidas"), the Board held that the Church's documented sale of two hats to an out-of-state resident did not constitute use in commerce under the Lanham Act because the use was *de minimis*. However, the Federal Circuit reversed on the basis that the Church's sale fell within Congress's power to regulate under the Commerce Clause, which comports with the Lanham Act's definition of commerce as "all commerce which Congress may regulate." The Federal Circuit remanded the case for the Board to consider the grounds for cancellation it had not reached in its first decision.

Adidas had challenged the Church's marks featuring the phrase ADD A ZERO, which the Church had used on shirts and hats sold as part of a fundraising campaign to pay off debt. Beginning in January 2005, the Church began offering the apparel in its bookstore at the Church's meeting place in Zion, Illinois, within five miles of the Wisconsin border. Due to its location, the Church's parishioners include both Illinois and Wisconsin residents. In March 2005, the Church filed applications with the U.S. Patent & Trademark Office for ADD A ZERO both as a standard character mark and a stylized design based on actual use. The Office registered both marks in November 2006.

Adidas petitioned to cancel the marks after the Office refused its 2009 application for the clothing trademark ADIZERO due to likelihood of confusion with the Church's ADD A ZERO marks. As grounds for cancellation, Adidas argued (1) the Church had failed to use the marks in commerce before registration, (2) the marks did not function as trademarks, and (3) the Church had abandoned the marks for nonuse. The Board accepted Adidas' failure-to-use argument without addressing the alternative grounds. Disregarding Adidas's hearsay and authentication objections, the Board had considered the Church's evidence of use consisting of a cancelled check for a sale in February 2005 to a Wisconsin parishioner of two ADD A ZERO-marked hats for $38.34. The check bore the customer's pre-printed Wisconsin address, and the date of sale matched records the Church kept of checks it received as well as a sales register it maintained for the bookstore. The Board reasoned that the sale of two hats to one out-of-state resident at "a minimal cost … does not affect commerce that Congress can regulate such that the transaction would constitute use in commerce for purposes of registration." Thus, the Board held the Church's documented sale was *de minimis* use insufficient to show actual use under the Lanham Act's "use in commerce" requirement.

In reversing the Board's cancellation, the Federal Circuit first looked to the Lanham Act's language stating that "a mark shall be deemed to be used in commerce [] on goods when…the goods are sold or transported in commerce," and further defining "commerce" as "all commerce which may lawfully be regulated by Congress." 15 U.S.C. § 1127. Based on this definition, the Court framed the dispositive question as whether the Church, prior to applying for the marks, made a sale of marked goods in commerce regulable by Congress under the Commerce Clause.

The Federal Circuit reviewed the "use in commerce" question *de novo*. The Court analyzed the U.S. Supreme Court's contemporary Commerce Clause jurisprudence to determine that the standard for "use in commerce" under the Lanham Act is whether the use in the aggregate would have "substantial effects" on interstate commerce. For example, in *Wickard v. Filburn*, the Supreme Court rejected the plaintiff's argument that Congress could not impose a quota on the amount of wheat he grew for his own use because when "a general regulatory statute bears a substantial relation to commerce, the *de minimis* character of individual instances arising under that statute is of no consequence" to Congress's power to regulate the conduct. 317 U.S. 111, 117 (1942). Since the aggregated sale of Lanham Act-protected goods over state lines substantially affects interstate commerce, the Church's sale of two marked hats was conduct that Congress could regulate under the Commerce Clause, and thus met the Lanham Act's "use in commerce" standard.

In reaching this holding, the Federal Circuit summarized several of its past decisions interpreting "use in commerce" broadly under the aggregate-effects approach to the Commerce Clause. The Federal Circuit concluded by noting that the Board erred by not properly applying the Federal Circuit's prior holdings that refused to adopt a *de minimis* test for the "use in commerce" standard because of Congress's broad power to regulate. The Court stated that the Board further erred to the extent it recognized the proposition that the intrastate sale of goods can never be a sale "in commerce" without the trademark applicant doing something more, like knowingly targeting the sale of goods across state lines. Intrastate sales could also be "use in commerce" because the conduct in the aggregate could substantially affect interstate commerce. The Court identified two prior Board decisions as being "incorrect" for applying a higher standard for "use in commerce": *In re Cook, United, Inc.*, 188 U.S.P.Q. 284 (T.T.A.B. 1975) and *In re The Bagel Factory, Inc.*, 183 U.S.P.Q. 553 (T.T.A.B. 1974).

The Federal Circuit refrained from stating outright that no commercial use could be *de minimis*, but that is the practical conclusion of the Court's comprehensive embrace of the aggregated-effects test to interpret "use in commerce" under the Lanham Act. Some trademark applicants may welcome this decision, since it lowers the bar for establishing prior use for a Section 1(a) application. However, applicants that are rejected for likelihood of confusion with a mark that has been barely used commercially will regret the loss of the *de minimis* doctrine in cancellation proceedings. In such circumstances, rather than pursue costly and likely unavailing administrative actions or litigation, applicants would be well advised to negotiate a co-existence agreement with the registrant.

-JV

Federal Circuit: Reiteration Of High Threshold For Descriptiveness Refusals

In re Driven Innovations, Inc., Ser. No. 77073701 (Fed. Cir. Jan. 4, 2017) (not precedential)

The U.S. Court of Appeals for the Federal Circuit recently reversed a Trademark Trial and Appeal Board ("TTAB") decision in which the Board upheld a Section 2(e)(1) descriptiveness refusal for the DOTBLOG mark. In doing so, the Federal Circuit reiterated that the high standard for a merely descriptive refusal requires that the descriptive nature of the mark be "immediately" and "instantaneously" apparent to consumers. The decision is somewhat of a departure from the TTAB's trend in favor of a seemingly less stringent standard for descriptiveness refusals.

In *In re Driven Innovations*, Ser. No. 77073701 (Fed. Cir. Jan. 4, 2017) (not precedential), Driven Innovations, Inc. ("Driven Innovations") filed a 2006 trademark application for DOTBLOG covering "providing specific information as requested by customers via the Internet." Slip Op. at 2. In 2012, Driven Innovations filed a Statement of Use with a specimen showing that its services included providing a summary of blog posts to users. *Id.* The Examining Attorney refused registration on the basis that the mark was merely descriptive. *Id*. at 3. As evidence, the Examining Attorney included definitions of DOT and BLOG and concluded that the compound mark merely described the services. Specifically, he noted that DOT is the functional equivalent of a period and that punctuation is rarely distinctive. He also stated that the BLOG element describes the subject matter of the services. *See* Office Action (Oct. 5, 2012). In his Final Office Action, the Examining Attorney also argued that the mark is merely descriptive because the identification "is broad enough to include the providing of information about websites and blogs within the gTLD .BLOG and providing of information online at websites within the gTLD .BLOG." *See* Final Office Action (November 15, 2013). Driven Innovations appealed to the TTAB.

The TTAB upheld the refusal to register the mark. *In re Driven Innovations, Inc.*, 115 U.S.P.Q. 2d 1261 (T.T.A.B. 2015). The TTAB agreed with the Examining Attorney that the mark is merely descriptive because DOT describes the online nature of the services and BLOG describes the subject matter, and also because consumers will perceive the mark "as related to information gleaned from the '.blog' domain," which ICANN recently delegated. *Id*. at 1267-68.

The Federal Circuit reviewed the TTAB's decision *de novo* and concluded that the limited evidence in the record did not meet the substantial evidence standard necessary to support a refusal. *In re Driven Innovations, Inc.*, Ser. No. 77073701 (Fed. Cir. Jan. 4, 2017). Specifically, the Court held that some imagination is necessary to connect the term "DOT" to the provision of services on the Internet.[2] *Id*. at 7. The Court went further and concluded that BLOG was also not descriptive because it did not sufficiently describe "how the services rendered relate to blogs." *Id*. The Court reasoned that BLOG did not "immediately" convey knowledge of a feature of the services. *Id*.

The Court also rejected the TTAB's logic regarding the public's association between the mark and the .Blog new generic top-level domain. *Id*. at 7-8. It held that the DOTBLOG mark would merely tell consumers that the services "have some relation to online blogs." "Mere relation," the Court reasoned, "does not mean that the mark is descriptive." *Id*. Again, the court cited the need for an "instantaneous"

[2] It is unclear whether the Court intended to make a pun.

association between the mark and feature of the service in the minds of consumers. *Id*. at 8.

The Court's decision, although not precedential, is significant because it reminds us that there is a high threshold for a mark to be held merely descriptive. "Mere relation" between the term and the nature, function, or feature of the goods or services is not enough to justify a descriptiveness refusal. Instead, the descriptive association between the mark and the goods or services must be "instantaneous" and "immediate." If the consumer has to pause to think, even for a short moment, about what the mark means in relation to the services, the mark is suggestive, not descriptive.

The reasoning in the DOTBLOG case represents a stricter standard than has been applied in some recent TTAB decisions and by some USPTO examining attorneys. For example, this decision can be contrasted with a 2011 TTAB decision holding that .MUSIC is merely descriptive. *In re theDot Communications Network LLC,* 101 U.S.P.Q. 2d 1062 (T.T.A.B. 2011). In that case, the applicant applied for the mark in connection with various Internet related services, such as social networking, registration of domain names, online publications, etc. *Id*. at 1062-63. As in the DOTBLOG case, the applicant had no relationship with the registry that had applied for the .music new gTLD string. *Id*. at 1066. As an initial matter, the Board in the .MUSIC case noted that consumers would most likely assume that .MUSIC refers to a new gTLD. *Id*. at 1063-67. It then considered the various services that were listed in the applications and noted that owners of gTLD registries provide the types of services listed in the applications. *Id*. at 1067. Accordingly, the Board concluded that consumers would view the .MUSIC mark as descriptive, and not as a source identifier, for the applicant's services. *Id*. at 1067-69.

The relevant facts of the .MUSIC case are nearly identical to those of the DOTBLOG case, and the different outcomes can be explained by the different approaches taken by the TTAB and Federal Circuit. While the TTAB in .MUSIC held that consumers' perceived relationship between the services and the .Music gTLD was sufficient to render the mark merely descriptive, the Federal Circuit explicitly rejected this type of analysis, holding that a mere relationship between the descriptive meaning and the services is not enough to show that consumers would immediately and instantaneously consider the term descriptive.

Unfortunately for applicants, the Federal Circuit's decision may not significantly change the way that the TTAB or USPTO analyze potentially descriptive marks. First, the case has been marked as non-precedential, meaning that it has limited authority as applied to future cases. In addition, each mark must be reviewed on its own merits, and the analysis of whether a mark is merely descriptive is often highly fact specific. That said, the case may lead examining attorneys to gather more evidentiary support for a descriptiveness refusal in the future. In this case, the evidence of record consisted of dictionary definitions for DOT and BLOG and some very limited evidence regarding the existence of a .Blog new gTLD. The TTAB has long held that this type of evidence is sufficient to support a *prima facie* descriptiveness refusal, but it is clear from the Federal Circuit's opinion that the evidence was deficient. It remains to be seen whether the case has a meaningful impact on examination practice or TTAB decisions.

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Federal Circuit: Assignments Of Intent-To-Use Applications Will Be Closely Scrutinized

Emerald Cities Collaborative, Inc. v. Roese, No. 2016-1703, 2016 WL 7210145 (Fed. Cir. Dec. 13, 2016) (not precedential)

The Federal Circuit's recent decision in *Emerald Cities Collaborative, Inc. v. Roese* provides a clear indication that any agreement to assign a pending intent-to-use trademark application will be closely scrutinized to determine whether the transfer violates the statutory prohibition against trafficking in inchoate marks.

Even an agreement, such as the one in this case, that explicitly purports to assign the mark <u>only upon registration</u> will be rejected if other provisions within the agreement transfer too much control to the assignee at the time of execution. Thus, the very provisions a purchaser would typically include in a protectively drafted trademark assignment, if included in an assignment of an intent-to-use application, might very well cause the resulting registration to be forever vulnerable to cancellation. Trademark owners should take this holding as a firm reminder that agreements to assign intent-to-use applications must be timed and structured with care and thoughtful counsel.

Section 10 of the Lanham Act, 15 U.S.C. Section 1060(a)(1), provides that no pending trademark application filed pursuant to Section 1(b), otherwise known as an intent-to-use application (an "ITU"), is assignable until the applicant notifies the United States Patent & Trademark Office that it has commenced use of the mark in commerce, either by filing a statement of use or amending the application to one based on use (together a "Statement of Use"). (The sole exception to this rule, which does not apply in this case, concerns an assignment to a successor to the applicant's business if that business is ongoing and existing. *See* 15 U.S.C. § 1060(a)(1).) The prohibition is intended to "prevent utilization of the intent-to-use system to traffic in marks" that lack any attendant goodwill. S. REP. 100-515, 25, 1988 U.S.C.C.A.N. 5577, 5587.

Because of Section 10, purchasers of pending ITU applications from non-successor entities prior to the filing of a Statement of Use often will execute an agreement under which the assignment will take place upon registration or, at least, upon the filing of a Statement of Use, and not upon the agreement's execution date.

In *Emerald Cities Collaborative*, the Trademark Trial and Appeal Board (the "Board") cancelled Emerald Cities Collaborative Inc.'s ("ECC") registration after Sheri Jean Roese ("Roese"), a defendant in an opposition brought by ECC, challenged the manner in which ECC had purchased the mark from the original applicant, an individual named Perry Orlando ("Orlando"). Opposition No. 91197060, *aff'd*, No. 2016-1703, 2016 WL 7210145 (Fed. Cir. Dec. 13, 2016). Roese demonstrated to the Board and then to the Federal Circuit that the agreement between ECC and Orlando, which was executed before the filing of a Statement of Use, was an assignment effective on the execution date. Notably, <u>several key provisions of the agreement explicitly indicated that they would not take effect until the application had matured to registration</u>, and, on this basis, ECC's counsel argued that the agreement was merely an agreement to assign the mark in the future, not an immediate assignment. Nevertheless, the Board held, and the Federal Circuit affirmed, that the agreement, taken as a whole, appeared to instantly transfer "control and ownership of the . . . application in a 'manner tantamount to an assignment.'" *Emerald Cities Collaborative, Inc. v. Roese*, No. 2016-1703, 2016 WL 7210145, at *5 (Fed. Cir. Dec. 13, 2016) (citing Board decision). As such, the registration was held to have violated

Section 10 of the Lanham Act and was cancelled.

The agreement, entitled "Trademark Assignment and License," set out the terms of a transfer of the trademark THE EMERALD CITY from Orlando to ECC, with a license back from ECC to Orlando. ECC urged the Court to consider the assignment and license provisions, both of which explicitly referenced the post-registration timing. The "Assignment" paragraph read:

> Orlando agrees to convey and assign unto ECC, all right, title and interest in and to the Mark and any and all derivatives thereof, together with any and all goodwill associated therewith, and the right to sue and recover damages and profits for past, present and future infringement, if any, related to the Mark, <u>at such time as the Mark is registered at the [PTO]</u> . . . .

Id. at *1 (emphasis added by Court). The "License" paragraph read "<u>Upon registration of the Mark by the [PTO] and completion of the transfer of the Mark to ECC</u>, ECC agrees to license certain rights in the Mark to Mr. Orlando . . . ." *Id*. (emphasis added).

However, applying Delaware's law of contract interpretation (which governed the agreement), the Court looked beyond this language to the whole of the agreement to determine the true nature of the transfer. In so doing, the Court identified a number of provisions that undermined the timing mentioned in the sections quoted above, including the following:

- Regarding use of the mark "[b]etween the Effective Date and the Registration Date, Orlando may continue to use the Mark . . . " and must use the mark by a date certain.
- Upon receipt of a payment due "promptly" after execution, Orlando must provide ECC's agent with an irrevocable Power of Attorney "to take over continued prosecution of the application."
- The agreement "commences on the Effective Date."
- Upon termination of the agreement, Orlando "shall promptly cease use of the Mark."
- Orlando must adhere to basic quality control requirements.
- "Orlando shall not challenge ECC's use of the Mark or support challenges by third parties, whether before or after the Registration Date."
- "Only ECC shall have the exclusive right to file oppositions or claims against the users of confusingly similar trademarks."

Provisions such as these are typical in arm's-length trademark assignments with phase-out or license-back components, and it is not surprising that a purchaser would want to obtain these protections vis-à-vis an assignor. However, the Federal Circuit's decision strongly indicates that purchasers must be wary of incorporating such terms in an ITU transfer agreement. Instead, circumspect drafting and/or multiple agreements are likely required so as not to leave the subject registration forever vulnerable to cancellation, and the negotiated agreement moot.

Note: The Federal Circuit indicated that its opinion is non-precedential, meaning that while parties may cite this case in future Federal Circuit proceedings, the Court will not be bound by its prior holding. But, as a practical matter, it would be risky for putative assignees of ITUs to ignore the decision or its reasoning.

-LK

Trademark Trial and Appeal Board:

FAMILY OF MARKS CAN HAVE DIFFERENT OWNERS SO LONG AS THERE IS UNITY OF CONTROL

Wise F&I, LLC, et al. v. Allstate Insurance Co., Consolidated Opp. No. 91226028 (T.T.A.B. Sept. 23, 2016)

In *Wise F&I, LLC v. Allstate Insurance Co.*, Consolidated Opp. No. 91226028 (T.T.A.B. Sept. 23, 2016), the Trademark Trial and Appeal Board (the "Board") addressed whether a family of marks can form the basis of a likelihood-of-confusion claim when the registrations for such marks are not all owned by a single entity. The Board held that the marks in a family of marks can be owned by multiple entities so long as the entities are related and there is "unity of control" over the marks.

Applicant Allstate Insurance Co. ("Allstate") had applied to register the marks MILEWISE and ALLSTATE MILEWISE for insurance services. Slip op. at 3. Opposers were four related entities, three of which were subsidiaries of the fourth. *Id.* at 5. Opposers jointly filed notices of oppositions against both applications, alleging likelihood of confusion under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). *Id.* at 3. Opposers based their claim on prior use and registration of eight registrations and one application (which had since matured to registration) for various WISE-inclusive marks for automotive finance, insurance, and warranty services, and identity theft insurance. *Id.* at 3-4. The registrations were not all owned by any single Opposer, but rather all four Opposers owned one or more registrations. *Id.* Based on these marks, Opposers alleged that they owned a WISE family of marks, and that Allstate's MILEWISE and ALLSTATE MILEWISE marks were likely to cause confusion with their family of WISE marks. *Id.* at 5.

Allstate filed a motion to dismiss, asserting that Opposers could not base their Section 2(d) claim on a family of marks because the registrations were not owned by a single entity and therefore, as a matter of law, the common characteristics of the alleged family of marks could not identify a common source of origin. *Id.* In response, Opposers argued that the family-of-marks doctrine does not require single ownership, but rather that "the marks share a common origin where the shared characteristics of the marks is recognized as indicative of a common origin of the goods or services." *Id.* at 8.

The Board agreed with Opposers, explaining that "related entities can rely on a family of marks as a basis for a Section 2(d) claim—notwithstanding the fact that the pleaded marks are not all owned by a single entity—if the complaint contains sufficient factual allegations that they are related, and that there is unity of control over the pleaded marks such that the marks are indicative of a single source." *Id.* at 11. The Board stated that allegations sufficient to show unity of control depend on the circumstances of the case. *Id.* at 12. In an earlier case, the Board had found "unity of control" because one entity owned all of the outstanding stock of the other entity and "thus controlled the activities and operations of [the subsidiary], including the selection, adoption and use of the trademarks." *Id.*

Here, there was no allegation of "unity of control" showing that Opposers' marks identified a single source for all of the services identified by the respective marks. *Id.* The Board therefore granted the motion to dismiss without prejudice and allowed Opposers to file an amended notice of opposition. *Id.* at 15.

We look to the amended notice and subsequent proceedings, if any, for more guidance on what allegations would be sufficient to support a claim of unity of control.

-*EW*

United States Patent and Trademark Office: POST-REGISTRATION AUDIT PROGRAM

Effective March 21, 2017, the U.S. Patent and Trademark Office (USPTO) plans to implement a post-registration audit program to obtain additional evidence of use of registered marks. The Office's notice of final rulemaking can be viewed at www.gpo.gov. The new program is intended to help the USPTO ensure the accuracy of claims that a trademark is in use in commerce in connection with the goods/services listed in the registration.

The U.S. Lanham (Trademark) Act requires the owner of a U.S. trademark registration to periodically file a declaration identifying the goods and services claimed in the registration for which the mark is in use (and deleting the goods and services for which there is no use). This Declaration of Use must be filed between the fifth and sixth-year anniversary of the initial registration of the trademark (or during a six-month grace period thereafter), and within one year before the tenth anniversary of the registration and every ten years thereafter (or during a six-month grace period). Section 8 of the law requires such a filing by an owner of a registration that issued under Section 1 (use in commerce) or Section 44 (ownership of a home-country registration from a Paris Convention country). Section 71 of the law requires such a filing by the owner of a registration that issued under Section 66 (extension of protection of an International Registration). The owner must submit with the Declaration of Use a specimen showing how the mark is currently used on one product or service in each registered class. This is true even if the registration identifies more than one product or service in each class. When a registration identifies more than one product or service in a class, the post-registration audit program will allow the USPTO to request evidence of use on additional products or services.

The USPTO has announced its intention to issue an Office action to randomly selected owners that have filed a Section 8 or Section 71 Declaration of Use in a registration that identifies more than one good or service per class, requiring the owner to "provide additional proof of use in the nature of information, exhibits, affidavits or declarations, and specimens showing use in commerce." It is anticipated that the Office action will require the trademark owner to supply this evidence for up to two additional items in each class. There will be a six-month period for the owner to respond to the Office action and supply the requested evidence of use. The response must include a declaration signed by the owner confirming that the additional evidence of use shows use of the mark <u>during the statutory filing period</u> (i.e., before the end of the grace period).

If the owner does not respond to the Office action, then the entire registration will be cancelled. This is so even though an acceptable specimen of use was filed for one good or service, unless there is time left in the grace period during which a fresh Section 8 can be filed.

If the owner cannot provide additional evidence of use for the items for which the proof of use is requested, it will be permitted to delete those items from the registration. The Office action will advise the owner to delete all goods and services listed in the registration that are not in use in commerce because the Office may issue subsequent actions requiring proof of use on some, or all, of the remaining goods and services.

TIPS:

To avoid the expense of receiving and responding to a post-registration Office action, trademark owners may wish to voluntarily provide valid specimens of use for all goods and services in the registration with the initial Section 8 or Section 71 filing. This is especially so for registrations that cover only a few products and/or services.

Trademark owners may wish to delete "synonymous" terms from a registration in order to reduce the number of items for which additional evidence of use could be required. For example, deleting the terms "T-shirts, knit shirts, polo shirts, tank tops" from a registration that already identifies "shirts," and claiming use for only "shirts," would not narrow the scope of protection accorded the mark.

If the Section 8 or 71 Declaration of Use is filed near the end of the grace period, it would be prudent to preserve evidence of use of the mark for all items listed in the registration before the end of the grace period, in case the registration is selected for audit.

-ASR

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Information Letter

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INTERNATIONAL

Australia: LIMITED PRIVILEGE FOR COMMUNICATIONS WITH REGISTERED TRADE MARK ATTORNEYS

Titan Enterprises (QLD) Pty Ltd v. Cross, Federal Court of Australia (Case No. [2016] FCA 1241, October 19, 2016)

Section 229 of the Australian Trade Marks Act 1995 ("Section 229") defines the scope of privileged protection for communications with registered trade mark attorneys. A recent decision before the Federal Court of Australia highlights the limits of such privilege, where the registered trade mark attorneys sought to withhold as "privileged" documents that went beyond advisory services relating to an underlying dispute.

Section 229 provides, *inter alia*, protection for a communication, record or document "made for the dominant purpose of a registered trade marks attorney providing intellectual property advice to a client," and protects such communications to the same extent as if the communications had consisted of a lawyer providing legal advice to a client. "Intellectual property advice" under the statute includes patents, trademarks, designs, plant breeder's rights, and related matters. The burden falls on the person asserting the privilege to prove that it is applicable under the circumstances, and the issue hinges on the *purpose* for which the communication in question was made. Under Section 229, not only must the communications be made in connection with giving or obtaining legal advice or the provision of legal services, they must also constitute "intellectual property advice." As such, the scope of the privilege afforded to trademark attorneys is more limited than that provided to communications between lawyers and clients.

The underlying dispute involved a website operated by the defendant, Mr. Dale Cross—"Beware the Titan Garages"—which Titan Enterprises (QLD) Pty Ltd ("Titan") alleged infringed its trademark and copyright, and constituted illegal deceptive conducts under governing law. The question before the court here was whether certain documents produced pursuant to a subpoena should be granted privilege, thereby precluding Titan from examining them. The subpoena was directed to "the proper officer of a firm of trade marks attorneys" that had represented Mr. Cross, and sought information relating to a domain-name dispute between the parties before the WIPO Arbitration and Mediation Centre. In response to the subpoena, Davies produced redacted versions of the responsive documents, but Titan objected on the basis that it wanted to view the full contents of the documents.

Mr. Cross' trademark attorneys objected to disclosing unredacted versions of the documents, claiming that they were subject to privilege under Section 229 of the Trade Marks Act 1995, as they acted "at least nominally" as counsel for Mr. Cross in the domain-name dispute (it is worth noting that with respect to the current dispute concerning the documents, Mr. Cross failed to appear at the hearing and did not respond to attempts from his trademark attorneys to obtain instructions with respect to the privilege claim).

The Court ultimately granted Titan leave to inspect the unredacted documents after holding that certain legal services by a registered trade mark attorney do not fall under the protection of Section 229. Specifically, the drafting of a statutory declaration or submission by a registered trade mark attorney for use in an arbitral proceeding is not protected (while *advice* relating to such declarations may be protected as privileged communication). Moreover, the privilege does not extend to the communications or documents generated in the course of a registered trade mark attorney providing services in connection with court proceedings, but rather just in the advisory context where the attorney is providing "intellectual property advice" as defined by the statute. This is so because "[a]ttorneys do not have the same rights as lawyers do to initiate proceedings and represent parties in court," as noted by the Parliament when explaining the drafting of the statute.

-MS

Canada: New Regulations Governing Display Of Non-French Trademarks

On November 24, 2016, changes to Quebec's signage laws went into effect requiring businesses to add French-language descriptors or slogans to storefront signage displaying non-French trademarks. The amendments are intended to ensure the presence of French on storefronts that display non-French trademarks, while still respecting an exception under the law that allows "recognized" trademarks to appear exclusively in a language other than French, affirmed by the Quebec Court of Appeal in 2015. See our earlier discussion at September 2015 Newsletter.

The amendments by the Office québécois de la langue française (OQLF") to the regulations under the Charter of the French Language requires the inclusion of a "sufficient presence in French" in one of the following forms:

- A generic term or description of the business' products or services in French;
- A slogan in French;
- Any other term or indication in French favoring the display of information pertaining to the business' products or services.

These amendments target public storefront signs, and specifically include signs and posters "outside an immovable property" such as:

- Signs or posters related or attached to an immovable property, including its roof;
- Signs or posters outside premises situated in an immovable or a larger property complex, such as a mall or shopping center, underground or not;
- Signs or posters inside an immovable property or premises, if their installation or characteristics are intended to be seen from the outside; and
- With certain exceptions, signs or posters appearing on an independent structure near an immovable property or premise.

The French terms and information must be always readable, visible, well lit, and in the same field of vision as the non-French trademark, but need not be in the same place, in the same number, in the same materials, or in the same size.

The OQLF has made available two illustrative guides: One deals with the display of trademarks (see OQLF 2016 Guide); the other with general linguistic obligations of businesses (see OQLF 2016 Guide).

Any new signage or replacement signs installed after November 24, 2016 must comply with the new rules. A three-year grace-period is provided for existing signage, thus requiring that all storefront signage in Quebec be compliant by November 24, 2019. Businesses that fail to comply face fines ranging between CDN $1,500 to $20,000.

-KL

China: Michael Jordan (Partially) Defeats Chinese Trademark Pirate Based On Unregistered Personal-Name Rights

Michael Jeffrey Jordan v. China Trademark Review and Adjudication Board, with the third party QIAODAN Sports Company, Supreme People's Court 2016

In December 2016, former Chicago Bulls basketball phenom Michael Jordan obtained an unprecedented victory in cancelling several third-party registrations for “Jordan” in Chinese characters, despite not owning any registrations for that mark. The success was only partial, however, as many of the target’s other objectionable filings were allowed to remain registered.

Michael Jordan’s surname can be represented by the simplified Chinese characters “乔丹,”—“Qiaodan” in Latin characters, pronounced “chee-ow dan”, a widely-used transliteration of the English name “Jordan.” Despite the local recognition of “乔丹” as the Chinese equivalent of “Jordan,” and despite Mr. Jordan’s fame in basketball-obsessed China, Mr. Jordan did not seek to register the Chinese version of his surname as a trademark.

In the early 2000s, Qiaodan Sports Co. Ltd., a Chinese sportswear company, started using “乔丹” and “Qiaodan” to market its products. The company filed trademark applications for “乔丹” by itself and with a silhouette of a basketball player in mid-leap, a “Jumpman” pose made famous by Mr. Jordan in connection with the Air Jordan line of sneakers made by Nike. Qiaodan Sports’ applications eventually achieved registration and covered clothing, swimwear, footwear, and other goods. During the first decade of the 2000s, Qiaodan Sports registered nearly eighty trademarks in China pertaining to “Air Jordan” branding, including the following “Jumpman-esque” logo:

Over the years, the company became quite successful, owning more than 5,000 stores in China by 2015 and with annual sales that year totaling approximately US $500 million. The company’s products include basketball shoes and jerseys.

In October 2012, Mr. Jordan filed an invalidation action before China’s Trademark Review and Adjudication Board (“TRAB”), arguing that “乔丹” was a well-known mark associated with Mr. Jordan and his brand, and that Qiaodan Sports had filed in bad faith. This action was rejected by the TRAB and by the Beijing No. 1 Intermediate Court, based in part on the finding that the public would not necessarily draw a connection between the registered mark and Mr. Jordan specifically. As for bad faith, the tribunals seemed to disregard the fact that Qiaodan Sports had also filed for marks containing “23”—Mr. Jordan’s Chicago Bulls jersey number—and for marks containing the names of Mr. Jordan’s sons, Jeffrey and Marcus.

Mr. Jordan finally appealed to the Beijing High Court, the highest court in China, which ruled on December 8, 2016 that certain of Qiaodan Sports’ trademark registrations for “乔丹” with “Jumpman-esque” logo are invalid. In doing so, the Court relied on Article 31 of China’s trademark law, which pertains generally to “prior rights” as discussed further below. However, the Court allowed Qiaodan Sports to retain its QIAODAN word mark registrations on the ground that this term is a transliteration that can be represented by various combinations of Chinese characters, and not just “乔丹.” In other words, it was not proven that QIAODAN would be associated with Mr. Jordan specifically.

Due to the sheer number of Air Jordan-related trademark registrations owned by Qiaodan Sports, Mr. Jordan ultimately had filed more than sixty separate invalidation actions. Ten cases were heard by the Beijing High Court (it appears the others were time-barred, as invalidation actions must be filed within five years of registration), and Mr. Jordan won three of those (pertaining to "乔丹" and "Jumpman" marks) and lost the other seven (pertaining to QIAODAN marks).

In the cases which Mr. Jordan won, the Court recognized Qiaodan Sports' bad faith and a "prior right" owned by Mr. Jordan, namely, his personal name right. The Court also held that the protection of a person's name also extends to non-Chinese individuals, so long as the name is well-known in China and is used to refer to that specific person among the relevant public in China. There need not be an exclusive correlation between the surname and the individual, so long as there is a consistent correlation. The Court also recognized that Mr. Jordan is well-known in China; this conclusion was supported by the evidence, including Mr. Jordan's visit to China in 2015 that received widespread media attention; two surveys showing that consumers would immediately associate "乔丹" with Mr. Jordan; and a large number of media articles about Mr. Jordan that were circulated in China over the years. The Court also noted that Mr. Jordan has an influence not just in sports, but in other industries as well; this increases the likelihood that Qiaodan Sports' use of "Jordan" in Chinese characters would mislead consumers into believing there is a connection between the two parties. It is also important that Mr. Jordan established his fame in China starting around 1984, long before Qiaodan Sports filed its first objectionable trademark application.

These cases demonstrate the importance of registering Chinese-language trademarks and transliterations, particularly in the context of personal names and surnames. While Mr. Jordan ultimately won some of these cases based on an unregistered personal name right—which is seen as a significant win in registration-based China—his battle would have been much easier (and less costly) had he registered his name in Chinese characters years ago. And, his success before the Court was largely due to his demonstrable fame in China dating back several decades, which is an enviable fact that other individuals and companies litigating trademark disputes in the Chinese courts may not be able to prove. In fact, some commentators believe the Court's recognition of bad faith in these cases was driven mainly by the high degree of celebrity enjoyed by Mr. Jordan, not to mention the media scrutiny preceding the issuance of these decisions.

Overall, the Michael Jordan case can be viewed as a positive "blip" on the radar screen of trademark piracy in China, and it is likely that true change in the regime will come slowly. That said, brand owners engaged in invalidation actions involving bad-faith filings and/or personal name rights are encouraged to submit this High Court decision in support of their own cases (the decision is not binding on other courts, but is likely to be persuasive).

It is also noted that following its issuance of the Qiaodan decision, the Beijing High Court issued a judicial interpretation stating that trademark applications for the names of "public figures in fields such as politics, economics, culture, religion and ethnic affairs" are forbidden under Article 10, which concerns signs that are detrimental to socialist morals or that cause "unhealthy social influences." The Qiaodan decision was actually based on Article 31 (prior rights), as Mr. Jordan's Article 10 argument was rejected by the Beijing High Court. Some commentators have suggested that the Court's recent interpretation of Article 10 is unrelated to the Michael Jordan case, and that determining who is a "public figure" will still turn on establishing a link between the name and the celebrity. Indeed, the Court's interpretation provides no guidance on how to determine whether the claimant is a "public figure," thus leaving this task to the lower courts.

-RNB

European Union: TERRITORIAL EXCEPTIONS TO PROHIBITIONS AGAINST USE OF INFRINGING TRADEMARKS

Combit Software GmbH v. Commit Business Solutions Ltd. (Case C-223/15) (September 22, 2016)

In a recent decision, the Court of Justice of the European Union ("ECJ") determined that when an EU trademark court prohibits use of a sign that creates a likelihood of confusion in one part of the EU, such prohibition should not necessarily extend to all of the EU. Specifically, areas where use of the sign does not adversely affect the trademark's function as a source indicator should be excluded from the prohibition.

Combit Software ("Combit") is a German company that develops and markets software. Combit owns German and EU trademark registrations for COMBIT for goods and services in the computer industry.

Commit Business Solutions ("Commit") is an Israeli company that sells COMMIT-branded software through its website, www.commitcrm.com. At the time of the proceedings, Commit offered its products in the German language and offered shipment to Germany.

Combit initiated action before the Regional Court in Dusseldorf, Germany, and sought to restrain Commit from using COMMIT for software in the EU. In the alternative, it sought to restrain use of COMMIT for software in Germany.

The Dusseldorf Regional Court declined to prohibit use of COMMIT in the EU, but upheld the claim with respect to Germany. Combit appealed to the Dusseldorf Higher Regional Court, which found that Commit's use of COMMIT creates a likelihood of confusion with COMBIT among the average German-speaking consumer, but found no likelihood of confusion for the average English-speaking consumer. In particular, it found that English speakers would understand the clear connotative differences between COMMIT (from the verb "to commit") and COMBIT (the COM element derived from "computer" and the BIT element from "binary digit").

The Higher Regional Court stayed the proceedings and referred the following question to the ECJ:

In the assessment of the likelihood of confusion of an EU word mark, what is the significance of a situation in which, from the perspective of the average consumer in some Member States, the phonetic similarity of the EU trade mark with another sign claimed to infringe that trade mark is cancelled out by a conceptual difference, whereas from the perspective of the average consumer in other Member States it is not?

(a) In assessing the likelihood of confusion, is the perspective of some Member States, of the other Member States, or that of a fictive EU average consumer decisive?

(b) If there is a likelihood of confusion only in some Member States, has the EU trade mark been infringed across the European Union, or must the Member States be differentiated individually?

In a judgement dated September 22, 2016, the ECJ determined the following:

1. When an EU trademark court finds that use of a sign creates a likelihood of confusion with an EU trademark even though such use does not create a likelihood of confusion in *one* part of the EU, that court must find that there has been an infringement of the exclusive right conferred to the senior mark and that the function of the mark as an indication of origin is adversely affected. The court must issue an order prohibiting the defendant from engaging in acts that infringe the EU trademark.

2. However, if the trademark court also finds that use of a sign does not give rise to a likelihood of confusion in a given part of the EU, particularly for linguistic reasons, and therefore does not adversely affect the trademark's function as a source indicator, the court must limit the territorial scope of the prohibition.
3. Such an exception does not undermine the unitary character of the EU trademark because the right of the proprietor to prohibit use which adversely affects the functions inherent in its trademark is safeguarded.

The ECJ made clear that the burden was on a defendant to show that there is no likelihood of confusion in some part of the EU and underscored that an EU trademark court must specify with precision the part of the EU that would not be covered by the prohibition against using the sign. For the case at hand, the Dusseldorf court must identify which English-speaking areas it intends to exclude from the prohibition.

In light of this decision, defendants may try to carve out their ability to use their mark in certain parts of the EU by arguing no likelihood of confusion due to linguistic reasons. Senior brand owners may be incentivized to try to obtain an EU-wide prohibition on a junior mark via settlement rather than relying on the EU courts for a favorable decision.

-*CCW*

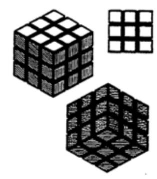
European Union: RUBIK'S CUBE SHAPE FOUND INELIGIBLE FOR TRADEMARK PROTECTION

Simba Toys GmbH & Co. K.G v. European Union Intellectual Property Office (EUIPO) and Seven Towns Ltd. (Case C-30/15 P, November 10, 2016)

The Court of Justice of the European Union ("ECJ") recently issued a final decision in a ten-year dispute surrounding the trademark protection of the Rubik's Cube. In a major blow to the well-known and popular Rubik's Cube, the ECJ overturned an earlier decision by the General Court and a determination made by the EU Intellectual Property Office that the shape of the Rubik's Cube was eligible for trademark protection.

<u>Background and Procedural History</u>

Seven Towns Ltd. ("Seven Towns") owns rights to the Rubik's Cube and in 1999 obtained EUTM Reg. No. 162784 for a three-dimensional mark for "three-dimensional puzzles" depicted as follows ("the Rubik's Cube mark"):



In 2006, Simba Toys GmbH & Co. ("Simba Toys"), a German toy manufacturer, filed a request for a declaration of invalidity of the Rubik's Cube mark. Simba Toys alleged that Seven Towns' mark consisted of a shape that is necessary to obtain a technical result (i.e., the rotating capability of the cube) and thus should not be registrable as a trademark. The Cancellation Division of the EUIPO rejected Simba Toys' application for a declaration of invalidity and the Board of Appeals dismissed Simba Toys' appeal of that decision. Simba Toys subsequently brought an action in the General Court of the European Union seeking annulment of the appellate decision, but in 2014 the General Court also upheld the validity of the Rubik's Cube mark. Simba Toys then appealed the General Court's decision to the ECJ that has now finally agreed with Simba Toys and held the Rubik's Cube mark to be unregistrable.

ECJ Decision

Simba Toys raised six grounds of appeal to the ECJ. Its key argument and first ground of appeal (the only one examined by the ECJ) was that the General Court erred with respect to its application of Article 7(1)(e)(ii) of Regulation 40/94 which provides that *"[t]he following shall not be registered….signs which consist exclusively of the shape of goods which is necessary to obtain a technical result."*

Under the relevant case law, application of this provision requires that the essential characteristics of the mark at issue first be correctly identified. Once the essential characteristics have been identified, the next step is to ascertain whether they perform the technical function of the goods at issue. The essential characteristics of the Rubik's Cube mark were found to be a cube and a grid structure on each surface of the cube (this finding was not challenged on appeal).

The General Court had found that this cubic grid structure did not perform or suggest a technical function of the product and thus the mark should not be invalidated under Article 7(1)(e)(ii). The General Court had rejected Simba Toys' argument that the black lines on the cube surface (and more generally, the grid structure) performed a technical function, specifically by dividing the cube into nine individual miniature cube elements so that the individual elements are movable and rotatable. It noted that Simba Toys' argument was "based on the knowledge of the rotating capability of the vertical and horizontal lattices of the Rubik's Cube." It held that the rotating capability could not result from the black lines that form the grid structure i.e., the graphical representation of the mark, but at most from an internal mechanism of the cube which is invisible on the graphical representation of the mark. Specifically, as summarized by the ECJ, the General Court took the view that "inferring the existence of an internal rotating mechanism from the graphic representations of the mark would not have been consistent with the requirement that <u>any inference must be drawn as objectively as possible from the shape in question, as represented graphically, and with sufficient certainty</u>" (emphasis added).

The ECJ found that the General Court erred in this objective approach and held that a correct analysis of the functionality of the essential characteristics of the shape mark should consider <u>additional information regarding the actual goods at issue</u> (and not just the graphical representation of the mark). In this case, the technical function of the actual goods at issue, namely a three-dimensional puzzle, should be taken into account when assessing the functionality of the essential characteristics of the shape mark. In other words, the non-visible elements represented by the shape mark, such as the rotating capability of a three-dimensional Rubik's Cube-type puzzle, should have been considered when examining the functionality of the grid structure. Under this assessment, the ECJ overturned the prior decision and concluded that the Rubik's Cube mark was not registrable under Article 7(1)(e)(ii) because the shape of the mark involves a technical function.

Significance of Decision

The ECJ decision highlights the relationship between trademark and patent law. Trademarks effectively provide an eternal monopoly and thus are not appropriate for technical solutions or functional characteristics of a product, for example, the rotational capabilities of a Rubik's Cube. Instead, technical aspects of a product should be protected by patents that comport with the public policy of allowing technical solutions to become freely available after a limited period of time. The ECJ decision underscores the importance of protecting the public interest by preventing brand owners from obtaining perpetual exclusive rights relating to technical functionality through trademark law.

-*HD*

India: New Trademark Rules Implemented

India's new Trade Mark Rules came into effect on March 6, 2017. The Rules are designed to expedite the registration process and enhance protection for well-known marks. Salient features of the new Rules are:

- Creation of well-known marks list. Any person can request a determination that a mark is "well-known" by filing a Statement of Case and supporting evidence, and paying the official fee of US $1,500. The Registrar may invite objections from the public for a thirty-day period. If the mark is declared "well known," it will be included in a list of well-known marks maintained by the Trademark Office.
- Official fees substantially increased. The official fee for filing and renewal of trademarks is now US $150 (representing an increase of 125% and 80% respectively). The official fee to record an assignment is now US $150 (representing an increase of 125%). A 10% discount applies for electronic filings as opposed to paper filings. The filing fee is also 50% lower for applicants that qualify as individuals/ startups/small enterprises.
- Affidavit required to support claim of use. Applicants who claim use of their marks must file affidavits of use together with supporting evidence.
- Electronic service. The Trademark Office will serve documents on applicants or any party to a proceeding by email.
- Expedited registration. Applicants may apply for expeditious processing of an application by paying an official fee of US $600. Expedited treatment will apply to the entire registration process from examination through to publication and any oppositions. But the Registry may limit the number of applications it will accept for expedited processing.
- No extensions of time to file evidence in oppositions. Evidence in support of an opposition and in support of the application in opposition proceedings must be filed within two months, absent which the opposition or application will be deemed abandoned. Reply evidence must be filed within one month.
- Counter statements may be filed on basis of online notice of opposition. Where the applicant has filed the counter statement on the basis of the notice of opposition available in the electronic records of the Registry's official website, the notice of opposition need not be served.
- Adjournments to opposition proceedings restricted. A maximum of two adjournments will be permitted to each party, to expedite the disposition of matters. The parties must apply for adjournment at least three days before a hearing date.
- Shorter timeframe for filing evidence in cancellation actions. If the trademark registrant does not file a timely counter statement, the applicant for cancellation may file evidence without awaiting the Registrar's formal intimation. But the challenged registration will not be cancelled merely for lack of a timely counter statement by the registrant.
- In uncontested cases, applications/ oppositions should be withdrawn. If the applicant/opponent simply abandons the application/opposition, the Registrar

may award costs in excess of the cost of formally withdrawing the application/opposition.

-KL

India: Update On Prius Well-Known Mark Decision

Prius Auto Industries Ltd v. Toyota Jidosha Kabushiki Kaisha (RFA (OS) 62/2016)

We update our previous article on the July 2016 ruling by a single judge of the High Court of Delhi recognizing Toyota's unregistered PRIUS mark as well known worldwide. See September 2016 Newsletter.

On appeal by Prius Auto, the Division Bench of the Delhi High Court set aside the permanent injunction granted by the single judge prohibiting Prius Auto from using the PRIUS mark, holding that Toyota had failed to establish the trans-border reputation of its PRIUS mark in India when Prius Auto adopted the same name. In particular, the Division Bench noted that:

- Reports in the print media of Toyota's launch of its PRIUS car in 1997 may not have been sufficiently prominent as to attract the attention of the public at large;
- Toyota provided no evidence of advertisements in India related to its PRIUS car before it was sold for the first time in the country in 2001;
- Internet penetration in India was low in 2001;
- Prius Auto had sold its cars in India for nearly ten years without confusion when Toyota filed suit.

This decision signals that plaintiffs could be required to make strong showings of trans-border reputation going forward.

-KL

South Korea: Shop Decorations And Trade Dress Protected Under Unfair Competition Law

Slowfood-Korea, Inc. v. Gil-Soo Kim and Hyung-Yak Lee, Supreme Court, 2016Da229058, Sept. 21, 2016 (S. Kor.)

The Korean Supreme Court recently affirmed a High Court's decision holding that a shop's appearance, including the logo, outdoor signage, indoor layout, and other decorative elements are protected trade dress under the Unfair Competition Prevention and Trade Secrets Act ("UCPA"). While three-dimensional marks are registrable under the Korean Trademark Act, the Act does not specifically provide for trade dress rights. Therefore, this Supreme Court decision underscores the importance of the UCPA as an important recourse for business owners seeking to protect such unregistrable rights.

In a 2014 decision (NUPL Co., Ltd. v. Mcostar Co., Ltd., Seoul Central District Court [Dist. Ct.], 2014Ga-Hap524716, Nov. 27, 2014 (S. Kor.)), the Seoul Central District Court first recognized that a shop's overall appearance and decorative elements can be protected as trade dress under the UCPA. This was the first Korean court decision to interpret the "catch-all" provision of the UCPA, and to apply the provision to afford protection to a store's "look and feel." See our March 2015 discussion at Newsletter Article. The Supreme Court's recognition of trade dress protection in shop decorations under Korean law establishes an important precedent.

The catch-all provision of the UCPA, which entered into force on January 31, 2014, states that "a party shall not interfere with another person's right to profit by appropriating for one's own business use, without authorization, anything which the other person produced through considerable effort or investment in a manner that contravenes fair commercial trade practice or competition order." Since its inception, this broad provision has become increasingly helpful in protecting brand owners from general acts of unfair competition not otherwise prohibited in the UCPA.

In the instant case, Seoul Lovers, a premium bake shop, sued a competing bakery founded by a former employee of Seoul Lovers, which imitated Seoul Lovers' overall design, as pictured below:

Seoul Lovers argued that the defendants unfairly profited from the infringement of Seoul Lovers' intellectual property, which it had developed through significant effort and expense. In the decision below, the High Court ruled that the design elements were the result of Seoul Lovers' considerable effort and investment to distinguish itself from other bakeries, and that the defendants engaged in unfair and improper business practices by free riding on Seoul Lovers' goodwill. The High Court also awarded substantial damages to Seoul Lovers, which is rare due to the difficulty of calculating actual damages in trade dress cases.

In affirming this ruling, the Korean Supreme Court has expressly recognized that a brand's substantial effort and investment in designing the look and feel of retail stores can be protected under the UCPA, which is welcome news to brands operating such stores in Korea.

-ABA

Switzerland: New Non-Use Cancellation Procedure

Article 12 of the Swiss Trademark Act provides that trademark rights may no longer be asserted if the trademark has not been in use for an uninterrupted period of five years unless the owner can show good cause for the non-use. However, until this year, cancellation of a registered trademark had to be sought before a civil tribunal, a long and expensive legal procedure. As of January 1, 2017, it is now possible for anyone to file a cancellation petition with the Swiss Federal Institute for Intellectual Property by means of a simplified administrative procedure for a modest fee of CHF 800.

Under the new procedure, a petitioner must assert the non-use of the challenged trademark and provide evidence showing that the non-use seems likely based on objective consideration. Conversely, in defense, the trademark owner must provide evidence of genuine use of the trademark in connection with the claimed goods and services in the form of copies of invoices, documented advertisements, labeled products, and other documentary proof. Or the owner could provide important reasons for non-use of the challenged mark, such as government regulations, import regulations, and so forth.

The simpler and less costly non-use cancellation procedure is likely to invite an increase in non-use cancellation actions.

Trademark owners would be well-advised to bear this possibility in mind when drafting their identification of goods and services, and to keep documentary records of use of their trademarks in Switzerland.

-KL

Turkey: NEW INDUSTRIAL PROPERTY CODE IN FORCE

On January 10, 2017, the Industrial Property Code ("New Law") went into effect in Turkey, replacing the previous law known as "Decree Law No. 556 for the Protection of Trademarks" ("Old Law"). The Old Law will continue to apply to all trademark applications filed before January 10th, whereas applications filed on or after January 10th will be assessed under the New Law.

The goals of the New Law are to unify the previously separate decrees pertaining to various forms of intellectual property, to comply with certain aspects of EU law (although Turkey is not presently a member of the EU), and to make the rules clearer and easier to understand.

Below are some key provisions of the New Law as it pertains to trademarks.

Office Name: The Turkish Patent Institute is now called the Turkish Patent and Trademark Office.

Registrable Signs: Under the Old Law, a mark had to be represented graphically in order to be registrable. The New Law, in line with EU law, provides that a mark merely must be "capable of being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor." Thus, for example, colors and sounds may now be registered as trademarks.

Consents Accepted: Under the Old Law, co-existence agreements and letters of consent were not accepted and were given no weight in overcoming citations against trademark applications. Under the New Law, co-existence agreements and letters of consents will guarantee acceptance in the event of a citation. Letters of consent must be notarized and must name the particulars and specifications of the prior mark and the applied-for mark.

Opposition Period: The opposition period has been reduced from three to two months. The Turkish Patent and Trademark Authority is expected to continue a practice adopted in 2016, by which its Bulletins are published twice per month. This means that within each month, there will be two opposition deadline cycles, and the deadlines cannot be extended under any circumstances. Keeping a close eye on Turkish watch notices is therefore particularly important, as there will be a continuous flow of publications and a shorter time frame to oppose.

Proof of Use: Similar to EU law, the New Law in Turkey provides that in an opposition, the applicant may request that the opposer prove use of the registrations relied upon in the opposition, to the extent those registrations are more than five years old. If the opposer cannot prove use, or cannot put forward a justifiable reason for non-use, the opposition will fail as to the goods/services for which use has not been shown. Importantly, this "proof-of-use defense" can also be raised in an infringement action. Thus, if a lawsuit is under consideration but the underlying rights are vulnerable to non-use cancellation, the petitioner should consider relying on reputation or other non-vulnerable registrations instead.

Non-use Cancellation Actions: Starting in January 2024, the Turkish Patent and Trademark Authority will hear non-use cancellation actions. Until then, such actions will continue to be in the IP courts.

Under both the Old Law and the New Law, only courts may handle invalidation actions.

It is noted that the Turkish Constitutional Court on December 14, 2016 issued a decision striking down a provision of the Old Law (namely, Article 14 of the trademark decree) that allowed for non-use cancellation actions against trademarks not in use for five years starting from the registration date. Article 14 was struck down on the basis that under the Turkish Constitution, fundamental rights cannot be limited by decree, but only by law. The Constitutional Court thus ruled that a trademark—being a fundamental property right—cannot be cancelled for non-use based on a decree. The New Law, not being decree-based, fully allows for non-use actions, so all actions filed on or after January 10, 2017 are legally sound in constitutional terms. As for cases filed before January 10th and that are still pending, non-use petitioners are advised to contact their local counsel to ensure that their actions are not dismissed. Claims may need to be amended to include alternative bases for these actions. For any actions dismissed as a result of the Constitutional Court's decision of December 14, 2016, it is expected that the appellate courts will take up the issue and hopefully allow those actions to continue, although the mechanics are uncertain at this time.

Opposition and Invalidation Grounds: Under the New Law, bad faith is now a separate ground for opposition and invalidation. Also, "well-known mark" has been re-introduced as a ground for opposition and invalidation; this ground had previously been stricken by the Constitutional Court. "Well-known mark" is not a ground for ex-officio rejection in Turkey at this time.

Mediation: In oppositions, the Turkish Patent and Trademark Authority will be authorized to invite the parties to mediate under the New Law.

Registration Defense: The New Law provides that a trademark registrant cannot assert its registration as a defense to an infringement action filed by a prior-right holder. Thus, a registration will no longer serve as a defense when a prior registration for the same or a confusingly similar mark exists.

Acquiescence Defense: Under the New Law, the plaintiff in an invalidation action will not be permitted to assert its earlier mark if the plaintiff is or should have been aware of the defendant's use of the junior mark during the five years preceding the action but did not object to that use. There is an exception if bad faith on the part of the defendant is shown.

Exhaustion: Turkey will now be governed by the doctrine of international exhaustion of rights rather than national exhaustion. Thus, under Turkish law, a trademark-bearing product circulated abroad by or with the permission of the trademark owner may legally be circulated in Turkey as well. Put another way, the importation into Turkey of a product sold in a foreign country with the authorization of the trademark owner cannot be prevented by the trademark owner.

-RNB

United Kingdom: Court Of Appeal Confirms Sale Of "Grey" Goods Could Be Found Criminal

R v C [2016] EWCA Crim 1617 (November 1, 2016, Ct. App.)

On November 1, 2016, the UK Court of Appeal confirmed that sales of "grey" goods could be deemed a criminal offense. Prior to this decision, practitioners understood that sales of counterfeit goods could give rise to criminal liability, but it was not expressly clear that sales of grey goods could be treated in the same manner. In clarifying this issue, the Court affirmed the Crown Court at St. Albans' decision in a preparatory hearing dealing with unauthorized sales of goods bearing well-known marks including RALPH LAUREN, ADIDAS, UNDER ARMOUR, JACK WILLS, and FRED PERRY, among others.

This decision significantly adds to the brand owner's arsenal, because a criminal conviction could carry a ten-year prison sentence, and could subject a defendant to repayment of proceeds from criminal activity. Even so, as the Court noted, it can be difficult to establish that a defendant has committed a crime through the sale of grey goods.

To be clear, grey goods differ from counterfeit goods because grey goods are legitimately created and bear an owner's registered trademark that was applied with the owner's consent. It is the subsequent sale or distribution of grey goods that occurs without the owner's consent. Counterfeit goods, by contrast, are "fake" products bearing a trademark that has been applied without the legitimate owner's consent.

In this case, the appellants allegedly unlawfully sold within the U.K. branded goods manufactured outside the U.K., some of which were manufactured by authorized factories but subsequently were sold without the brand owner's authority. The specific goods at issue allegedly resulted from cancelled orders of substandard and/or excess products.

The relevant criminal statute, Section 92 of the Trade Marks Act 1994, states in pertinent part:

(1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—

> (a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or
>
> (b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or
>
> (c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).

The issue before the court was whether the sale of grey goods conceivably could create criminal liability under sections 92(1)(b) or (c), or if these sections applied only to counterfeit goods. Appellants argued that sections (b) and (c) could not apply to grey goods because section (a) referred to application of a sign without the consent of the proprietor, while grey goods instead bear a sign applied with the proprietor's consent. In deciding that sales of grey goods could create criminal liability under this statute, the Court rejected the appellant's arguments as flatly contrary to the plain wording of the statute and relevant authority (considered in due course in the opinion), given that sections (b) and (c) unambiguously apply to goods or packaging that merely bear a sign, whether or not applied to goods by the defendant.

In reaching this decision, the Court also discussed the inherent difficulties in establishing a successful criminal case, which some commentators also have noted. Application of the criminal section differs from the corresponding civil sections of the Trade Marks Act in a few notable ways. First, as the Court noted, the prosecution must prove its case "to the criminal standard," or beyond a reasonable doubt, which is a high evidentiary burden. Further, there is a mental element: The defendant must act "with a view to gain for himself or another, or with intent to cause loss to another." Additionally, Section 92(5) provides a defense based on objectively reasonable behavior, in cases where the defendant can show that he reasonably believed his use of the mark was not trademark infringement. Further, the Court acknowledged that it was questionable whether the phrase "likely to be mistaken for" should be more narrowly construed than the corresponding civil section's consideration of the "likelihood of confusion on the part of the public."

Finally, it bears noting that the Court's decision in this case expressly does not extend to parallel imports, which the Court considered to be goods bearing a registered trademark that are created and sold in a particular jurisdiction with the trademark owner's consent, and then subsequently sold in a different jurisdiction without the trademark owner's consent ("What is, however, not alleged in this case, it should be noted, is that the defendants were engaged in the United Kingdom in importing and selling branded goods which were both manufactured and sold with the authorisation of the proprietor in a country outside the European Union (sometimes also known as parallel imported goods)."). The goods at issue in this case never were authorized for sale anywhere by the mark owners and thus were not parallel imports in the Court's definition, so the Court did not need to reach the issue of whether sales of such parallel imports could be deemed criminal.

-AT

WIPO: Freeze On Accessions To Madrid Agreement

During the 50th session of the Madrid Union Assembly, a landmark decision was made to freeze accessions to the Madrid Agreement (the "Agreement"), except in cases where a contracting party is already a party to the Madrid Protocol (the "Protocol") or is simultaneously acceding to both the Agreement and the Protocol. This took effect on October 11, 2016 and is part of an overarching goal to create a single-treaty system, which has been in play since the Protocol was adopted in June 1989.

One major step towards a single-treaty system occurred when the Madrid Union Assembly decided that where a party is bound by both the Protocol and the Agreement, the terms of the Protocol govern, with two exceptions: (1) the time limit for notification of a provisional refusal (this time limit is one year under the Agreement but can vary under the Protocol); and (2) the payment of supplementary and complementary fees (payment of these fees is always required under the Agreement but not always required under the Protocol). (See Article 9sexies (1)(b) of the Protocol for further information.) The above came into effect on September 1, 2008.

Another major step towards a single-treaty system occurred when Algeria, the last member of the Madrid Union to accede to only the Agreement, acceded to the Protocol. The Protocol went into effect in Algeria on October 31, 2015. This was a turning point in the history of the Madrid System because, as a result, all Madrid Union members were from that moment on governed by the Protocol (subject to the above exceptions), and thus a de facto single-treaty system was created. The freeze on accessions to the Agreement alone will allow this de facto unified system under the Madrid Protocol to remain in place.

Accordingly, all members and users of the Madrid System now benefit from various features of the Protocol that are not available under the Agreement. For example, unlike the Agreement, the Protocol allows for the transformation of international registrations into national filings if they are cancelled due to the ceasing of effect of a basic application or registration during the five-year dependency period after an international registration is initially registered. Other benefits of the Protocol include the ability of applicants to rely upon an eligible application as an international registration basis rather than having to wait for an issued registration, the ability of applicants to choose freely among the Offices of Origin eligible to them, and the ability to file directly with WIPO when requesting subsequent designations or recording changes of name or ownership, among others.

-EMG

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