How AI impacts trademarks

Humans looking for similarities in trademarks “is an awful, inefficient, error-prone job, and one that computers can do much better than people,” says Charlie Hill, head of product at TrademarkNow, an AI-powered trademark searching and monitoring service. Between the increase in pure volume of applications and registrations over time and the disconnected nature of national IP offices, searching for similarity in marks by hand and human eyes can be a losing battle.

Various trademark-focused AI programs have developed to address this issue. TrademarkNow, TrademarkVision, MikeTM Suite and LawPanel’s Aila are some of the existing AI-powered solutions. With various specialties, they essentially aim to search and monitor words, phrases, and images using various government trademark offices’ databases of marks and the internet.

While there are many uses of AI that can make the trademark searching and monitoring process more accurate and efficient, will the technology make trademark lawyers obsolete? TrademarkNow’s Hill admits that “in the short term it’s replacing paralegals or unfortunate junior lawyers,” but affirms humans’ place in the field for their discernment. AI just isn’t that far along.

Additionally, trademark law is entirely based on human perception. Full of human-centric phrases such as imperfect recollection, average consumers, and confusion, human lawyers will be able to make those calls better than machines. People also inherently incorporate ethical and practical considerations into their arguments and decisions, while AI might address only the task at hand.

While the implications of AI for brands and the legal framework around trademarks are just beginning to be understood, AI systems already commonly interact with consumers in subtle ways, including through chatbots and suggesting products. A press release from IT research company Gartner states: “Twenty-five percent of consumer service and support operations will integrate virtual customer assistant (VCA) or chatbot technology across engagement channels by 2020, up from less than two percent in 2017.”

A newer and more legally fraught form of AI that interacts with consumers is AI assistants such as the Google Assistant, or Amazon’s Alexa. While a consumer may find thousands of brands when they search for a product online, Alexa only offers one or two brands when asked. At the moment, brands can’t pay to be among Alexa’s top suggestions. If this develops, however, HGF’s Lee Curtis says it “will raise massive competition issues.”

This limit on consumer choice by AI assistants is of course worrying for brands. Another competition issue is that Alexa’s suggestions favor brands that consumers have bought before. Therefore, comments Lee, “if there’s a new entrant in the market, they’re at a massive disadvantage.”

The main legal question going forward centers around liability. Who is ultimately responsible for AI’s actions? While there have not been any cases decided that directly deal with this issue, Lee expects that AI liability will be handled similarly to ISP and online marketplace liability. He guesses that precedent will be drawn from important cases in that sphere, like Loub v Amazon or L’Oreal v eBay. “If there’s a liability call, it’ll be in line with those two decisions,” asserts Lee. Essentially, it comes down to adequately responding to notice. “A notification and take-down system is a liability break,” Lee says. “If AI providers don’t do it, they’re infringing.”

INTA returns to Seattle

INTA’s Annual Meeting is being held in Seattle for the second time in nine years this year. It will bring together more than 10,500 trademark practitioners and other IP professionals from more than 150 for its 140th Annual Meeting. Since INTA’s last Annual Meeting in Seattle in 2009, attendance has increased more than 3,000 professionals from around the world.

The meeting features numerous highlights. On May 20, Neil Lindsay, vice-president of global marketing, prime and engagement at Amazon.com, will give the keynote address at the opening ceremonies. Session topics include strategies for battling counterfeit goods, artificial intelligence, Brexit, and compliance in light of the European Union’s General Data Protection Regulation, which takes effect this month. The grand finale is a block party at the Seattle Center.

Check www.managingip.com for all our reporting from on-site in Seattle.
Big changes to China’s State Intellectual Property Office (SIPO) can be expected in the coming months. A restructuring plan was submitted by the State Council during the 13th National People’s Congress (NPC) in March. The change is part of the overhaul of government ministries announced to streamline the Chinese government’s operations.

The changes aim to eliminate overlap in enforcement between existing agencies. Under the plan, SIPO will take on some of the existing functions of the State Administration for Industry and Commerce (SAIC), and the General Administration of Quality Supervision, Inspection and Quarantine. SIPO will be responsible for facilitating the creation of an IP rights protection system, and the registration and administrative adjudication of trademarks, patents and geographical indications. This will combine the enforcement functions of trademarks and patents, which have been separately managed.

“The existing IP functions of patents under SIPO, trademarks under SAIC and the Trade Mark Review and Adjudication Board, and geographical indications under the General Administration of Quality Supervision, Inspection and Quarantine, in addition to the delegated powers of these agencies at the provincial level, will be combined to increase efficiency and communication between different departments,” says Dongxiao Ma, partner at Zhong Lun Law Firm.

IP practitioners in China believe that the restructure will lead to stronger enforcement in the future. “The unification of IP rights management will strengthen China’s IP enforcement,” says Ma. “SIPO will gain more power under the unification and this will help with local enforcement authorities, which is great news for IP practitioners.”

Elliot Papageorgiou, head of IP at Clyde & Co in China, believes that the restructure may be a way for the government to re-marshal its enforcement capacity as SAIC has a large number of administrative officials numbering in the 100,000s at the provincial, city and even district levels that could be re-deployed and utilized more efficiently.

“One of the possibilities is that China is moving towards a more international form of IP filing authority that combines patents and trademark under one roof such as those in the US, Japan, UK and Germany,” said Papageorgiou.

“Another possibility is that China is moving towards a private enforcement model that focuses on civil litigation as a means of IP enforcement. However, this could put an even greater load on the already busy IP courts and tribunals,” adds Papageorgiou. China has been growing its IP court systems in recent years, including the addition of the Changsha and Xi’an IP tribunals in recent months to a total of 15 tribunals and three IP courts. In 2017, China saw a total of 213,480 IP cases, an increase of 46% year on year.

According to Xinhua, China’s trademark applications exceeded 5.7 million last year, a 56% increase on the previous year. The news agency reported that a SIPO official in April said it will shorten the trademark review cycle to less than four months and improve its trademark registration services by 2020. Since 2016, the registration cycle has been shortened from nine to eight months.

“SIPO will gain more power under the unification and this will help with local enforcement authorities, which is great news for IP practitioners”

Dongxiao Ma, partner at Zhong Lun Law Firm
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A total of 56,200 Madrid applications were filed in 2017, up 5% on 2016, according to WIPO figures.

US-based applicants filed the largest number of international trade mark applications (7,884) using WIPO’s Madrid System in 2017, followed by those located in Germany (7,316), China (5,230), France (4,261) and the UK (3,292).

Among the top 15 origins, China saw the fastest growth (+36.3%), followed by the Russian Federation (+23.9%), the Republic of Korea (+9.8%) and the UK (+9.3%). Both China and the Russian Federation recorded their second consecutive year of double-digit growth. In contrast, Austria (-4.9%), Italy (-6.6%) and the Netherlands (-5.8%) each saw a drop in filings.

L’Oréal of France with 198 applications headed the list of top filers, followed by Richter Gedeon of Hungary (117), ADP Gauselmann of Germany (104), and Swiss companies Novartis (96) and Abercrombie & Fitch Europe (82). Of note, Richter Gedeon filed 106 more applications in 2017 than in 2016, when it filed 11. The top 15 applicants consists of 12 companies from Europe, two from Asia and one from the US.

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The most-specified class in international applications, computers and electronics, accounted for 9.8% of the total, followed by services for business (7.9%) and technological services (6.2%). Among the top 10 classes, machines and machine tools (+13.4%) and services for business (+6.2%) saw the fastest growth.

Afghanistan is number 101

In April, Afghanistan became the 101st member of the Madrid System. The protocol will enter into force there on June 26. This follows Afghanistan last October becoming the 100th member, which closely followed Thailand becoming a member in August 2017.

Canada could be the next in line. The country’s long process of overhauling its trademark law, which was finalized in 2014, is anticipated by its Trademarks Office to come into force in early 2019. As part of the biggest change to trademark law in 50 years, Canada will join the Madrid System.

In addition, Hong Kong last year announced plans to join Madrid in 2019.

Source: WIPO

2017 ranking | Position changed | Applicant’s name | Origin | 2016 | 2017 |
---|---|---|---|---|---|
1 | 0 | L’Oreal | France | 150 | 198 |
2 | 216 | Richter Gedeon | Hungary | 11 | 117 |
3 | 36 | ADP Gauselmann | Germany | 29 | 104 |
4 | 1 | Novartis | Switzerland | 93 | 96 |
5 | 11 | Abercrombie & Fitch Europe | Switzerland | 57 | 82 |
6 | 7 | Apple | US | 60 | 74 |
7 | 5 | Brillux | Germany | 61 | 73 |
7 | 27 | Krka, Tovarna Zdravil, DD, Novo Mesto | Slovenia | 34 | 73 |
9 | n/a | Bayerische Motoren Werke | Germany | 117 | 70 |
10 | 0 | Aucma | China | 62 | 62 |
10 | 51 | Janssen Pharmaceutica | Belgium | 23 | 62 |

Source: WIPO

Top 10 countries for Madrid applications

<table>
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<tr>
<th>Country</th>
<th>Applications</th>
<th>% change</th>
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<tr>
<td>US</td>
<td>7,884</td>
<td>2.0%</td>
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<tr>
<td>Germany</td>
<td>7,316</td>
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<tr>
<td>China</td>
<td>5,230</td>
<td>36.3%</td>
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<tr>
<td>France</td>
<td>4,261</td>
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<td>Italy</td>
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<tr>
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<td>2,115</td>
<td>2.7%</td>
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<tr>
<td>Russian Federation</td>
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The Chartered Institute of Trade Mark Attorneys (CITMA) in the UK has elected a new president. Tania Clark, who is a partner at IP firm Withers & Rogers. She succeeded Kate O’Rourke after being voted in unanimously by CITMA’s council. She started the role on April 10 and will serve a two-year term.

Her vision for the organization under her leadership includes its role in influencing the future of intellectual property in a post-Brexit UK. “There’s a lot of gloom about Brexit, but it could present us with huge opportunities,” she says “It’s put us on the map in the sense of making us advertise our profession even more. That’s been very useful.

“It’s given us a voice on the international stage. Before [UK IP] was maybe slightly lost in the EU. But going forward the separation of the trademarks system means the UK IPO is far more important than it ever was.”

“Brexit has also given the opportunity to engage far more with the UK IPO and other UK organizations such as the Law Society and the IP Bar. Even more important, it’s done the same with organizations outside the UK such as MARQUES, INTA and ECTA.”

She adds that ultimately she wants to make CITMA a more international organization.

Another area Clark plans to focus on over the next two years is technology’s impact on intellectual property. “AI is going to be hugely important,” she says. “The automation aspect is troubling but it’s something we need to address. Going forward, judgments will potentially be automated. I know at the European level they’re already looking at that and that will have an impact on London legal services.”

She adds: “The streamlining of procedures also means that the benefit of having a professional involved is just for a small part of the process. So much of a matter is going to be automated that the added value aspect of trademark attorneys will be more important. It means that [trademark attorneys] need to develop their skill set.

“We need to encourage attorneys to think beyond a traditional path and develop skills that they already have, such as in litigation.”

Clark also notes that she wants CITMA to develop IP Inclusive, which encourages diversity and inclusion in IP. “We want to disseminate IP Inclusive more widely. It’s about getting people to think every time whether a role would be better suited to someone with a different skill set rather than someone who has come down a traditional route.”
A blessing and a curse for brands

The brand landscape is changing in the face of technological innovation. “The value of companies is shifting from tangible to intangible, so as an intangible asset, IP is increasingly important,” said Brian Daniel, IP valuation specialist at Charles River Associates, at INTA’s Brands and Innovation conference in New York in March.

One area technological change throws up trademark challenges, as well as opportunities, is counterfeiting. Technologies such tracking IDs, holograms or blockchain can play a role in verification.

INTA is working to improve and harmonize anti-counterfeiting legislation around the world, Virginia Cervieri, chair of INTA’s anti-counterfeiting committee, told Managing IP last month.

Online trading platforms have made counterfeiters harder to catch. Where shipments of counterfeit goods used to come in large containers that bad actors would store and sell from there, improvements in personal shipping technologies have allowed counterfeiters to buy goods on demand as orders come in. “They don’t need storage anymore, so there’s no evidence or merchandise to seize,” says Cervieri. “This makes it harder to find bad actors criminally liable.”

The advent of social media also presents challenges and opportunities for brands. It is all about direct contact between brands and their followers.

At the INTA event in New York, Jeremy Kaufman, senior counsel of IP at Netflix, characterized the relationship from brands’ perspective this way: “Do you want to be safe, or loved? More brand protection does not equal more brand affinity.” He urged companies to evolve beyond the traditional brand protection strategies of strictly enforcing marks, and “allow a free market of criticism and promotion.”

He added: “Be less precious with your brand, and don’t stifle people’s playfulness with it. Let authentic conversations take place online, and your fans will defend you.”

“Do you want to be safe, or loved? More brand protection does not equal more brand affinity.”

Jeremy Kaufman, senior counsel of IP at Netflix
The biggest US trademark decision of the past year was *Matal v Tam*, in which the Supreme Court in June 2017 found that Section 2(a) of the Lanham Act’s prohibition on the registration of disparaging marks violated the First Amendment. The court declared: “Speech may not be banned on the ground that it expresses ideas that offend.”

At the INTA Annual Meeting, on Monday May 21 at 10.15am, a panel will assess how the First Amendment is likely to impact trademark registration going forward. This will include some first-hand experience: Simon Tam of The Slants will be speaking as well as Amanda Blackhorse, the social worker and activist involved in the dispute over the “Redskins” mark.

At the Fordham IP Conference 2018 in April, Anne Gilson LaLonde, author of Gilson on Trademarks, also shed some light on the post-Tam landscape. She made two main points about the Tam ruling.

“The first is viewpoint discrimination,” she said. “Under the First Amendment the government can’t discriminate against speech on the basis of viewpoint. The Tam court said giving offence is a viewpoint. These applicants were denied the benefits of registration because their marks were offensive.

“Second, under First Amendment scrutiny the government has to at least have a substantial interest if it is going to suppress speech. So what is the interest here? Well, the government told the Supreme Court it wanted to protect underrepresented groups from being publically demeaned. It is hard to think of a more laudable goal, but the court said you only want to prevent speech that offends – that strikes at the heart of the First Amendment.”

While the Supreme Court settled the issue of disparaging marks, Section 2(a)’s prohibition against immoral or scandalous marks is still being contested. The Federal Circuit in December 2017 found Erik Brunetti’s mark “FUCT” undoubtedly scandalous, but following *Matal v Tam*, ruled the mark registrable on First Amendment grounds.

LaLonde commented: “The PTO has argued that moving the bar is going to force it to register graphic sexual images. But sexual images are a tiny part of what the PTO has rejected as scandalous. I predict that Congress is going to amend Section 2(a) to refuse registration of obscene marks, which it can do under the First Amendment.”

She added: “It would not be surprising for the PTO to seek cert in Brunetti. But I think there is no reason for the Supreme Court to take the case. The Federal Circuit opinion is consistent with the Supreme Court in Tam.”
Catching up with the TTAB

Trademark Trial and Appeal Board cases in 2017 involved some interesting brands. John Welch, TTAB blogger and counsel at Wolf Greenfield identifies fraud and proportionality as issues to watch at the TTAB this year.

At the INTA Annual Meeting in Seattle on Wednesday May 23 from 10.15am-11.30am, Welch and Theodore Davis of Kilpatrick Townsend will present their ever-popular ‘Annual Review of US Federal Case Law and TTAB Developments’. The top 10 TTAB cases Welch identifies are, in no particular order:

1) In re General Mills, in which the Board affirmed a refusal to register the color yellow for Cheerios boxes, finding the color lacked acquired distinctiveness.

2) Frito-Lay v Princeton Vanguard, in which the Board affirmed its earlier ruling – on remand from the Federal Circuit – that “Pretzel Crisps” is generic.

3) In re Beds & Bars, in which the Board refused the mark “Belushi’s” on the ground that it is primarily a surname, even though only five people in the US use it as such.

4) In re University of Miami, in which the Board overturned two refusals of a mark depicting a personified ibis – the university’s mascot – on the grounds that the extra elements incorporated in use were “not integral to [the] applicant’s mark”, and therefore do not qualify as a mutilation, or creating a phantom mark.

5) Luxco v Consejo Regulador del Tequila, in which the Board dismissed Luxco’s opposition of the certification mark “Tequila” because it failed to prove its genericness, lack of legitimate control, and fraud claims.

6) Estud Moline Discey v BioUrn, in which the Board granted leniency to the petitioner that served discovery requests after the deadline imposed by the new Trademark Rules of Practice, given that the case began under the old rules with different deadlines.

7) In re United Trademark Holdings, in which the Board affirmed a refusal of the mark “Little Mermaid”, finding it merely descriptive.

8) In re Shabby Chic Brands, in which the Board affirmed a refusal of the mark shown on the left, on the grounds that it is a simulation of the Prince of Wales’s emblem, shown below on the right. A mark that “comprises the flag or coat of arms or other insignia … of any foreign nation, or any simulation thereof” is barred under Section 2(b).

9) In re Empire Tech, in which the TTAB affirmed a refusal of the mark “Coffee Flour”. The case is rare because as the only producer and seller of coffee flour, the applicant established a new genus of goods.

10) Tao Licensing v Bender Consulting, in which the Board granted a cancellation of the mark “Tao Vodka” on the grounds of non-use and likelihood of confusion with the famous mark “Tao”.

The most interesting trends in 2017 at the TTAB Welch identifies are: essentially eliminating the surname rareness grounds for refusing a mark and the deadline exceptions and extensions granted after the Trademark Rules of Practice came into effect on January 14 2017.

Regarding surname refusals, Welch says: “The Board has really taken a much harder view on whether something is a surname … they decided that they would look more on what the public perception is of the name, rather than trying to have some kind of mechanical counting.”

On deadline extensions granted, he says: “These cases go on for four years or so, so people have cases that started on the old rules. Then the new rules came into force and it’s questionable as to which changes apply and which ones don’t … The Board is trying to show some leniency.”

2018 trends to watch

Welch says fraudulent specimens of use have been a problem ever since In re Bose in 2009, but this year the Board may find the impetus it needs to crack down.

Acknowledging this issue, the TTAB established a pilot program in March that will allow fraudulent specimens of use to be reported efficiently. Welch identifies Chinese applications as the impetus for the program. “The US is having a problem with Chinese companies filing hundreds of applications with phony specimens of use that’s why the program was started.”

Welch says that these phony specimens are “the smoking gun”. He explains: “You can create phony specimens of use easily online, and just slap your logo on any kind of product. Then you file an application saying, ’I’m using the mark.’ Hopefully one of those cases will get to the Board and they’ll do something about it.”

Another issue Welch hopes the TTAB will address this year is the advantage given to foreign parties now that proceedings are handled via written declarations instead of oral arguments. The rule changed as part of the amendments in 2017.

In terms of domestic proceedings, Welch says “it’s a step in the right direction to streamline things.” However, in depositions with foreign parties, the new procedure “tips the scales in foreign parties’ favor,” and can be expensive and logistically complex to boot. Even though 95% of TTAB cases are domestic, Welch estimates, he hopes the TTAB can sort out the uneven effects of the change.

The last issue Welch identified that the TTAB may address this year is proportionality. He says the rule was introduced several years ago, but “the Board has done very little by way of putting that concept into practice.”
Tackling trademark trolls

The Canadian government unveiled its first national intellectual property strategy at the end of April, in which one provision was to prevent the misuse of the trademark registration system such as instances of “trademark squatting.”

Along with plans for copyright and patent reform, the C$85.3 million-funded strategy proposes a new bad faith trademark opposition and invalidation grounds that could be used against applicants and registrants who have no bona fide intent of using their marks.

It’s hoped that this provision will stem the recent rise of trademark trolls in Canada. A Smart & Biggar Fetherstonhaugh analysis published in March 2018 reported that “new data shows that seemingly baseless applications are already on the rise” and noted a sharp increase in the number of applications filed in all 45 classes in 2017.

As of early May, there were 582 all-class trademark applications on the Canadian Trademarks Database. Of those, 15 were filed in 2015, five in 2016 and 420 were filed in 2017. The trend seems to be continuing, with 90 all-class applications being filed in 2018 to date.

The problem, however, may not be trolls in the plural. Most of these all-class applications were made by Brandster Branding, which has links to German-born millionaire and mysterious trademark filer Michael Gleisner. The company filed more than 300 of the registered all-class applications in 2017 and 84 of those filed this year.

Flings include applications for a wide array of common words, including aqua, glass, selfie, hear, quality, concierge, and common first names such as Andres, Cesar, Curtis, Preston and Margaret, according to Nelson Godfrey, associate at Gowling WLG in Canada.

The second big all-class filer is Trademarkers, which is an agent for multiple owners, according to Cynthia Rowden, counsel at Bereskin & Parr.

It’s no use

The surge of all-class applications from these few firms has been spurred by amendments to the Trademarks Act and Trademarks Regulations. The changes will eliminate the use requirement for trademarks and increase filing fees for multi-class applications from a C$250 flat fee to a C$300 filing fee for the first class and C$100 for every additional class. After that an all-class application would cost C$4,730.

Until spring 2019, when these changes are expected to be enforced, trolls can and seemingly have been taking advantage of a situation where they can obtain and enforce the right to exclude others from using a trademark for little investment without any intention to use them.

“Only a few months ago we effectively created a period of time where applicants can file for C$250 knowing full well that the Trademarks Act is going to be amended to eliminate use requirements,” Rowden at Bereskin & Parr tells Managing IP.

“To me it looks like an abuse of the trademark system and presumably the goal is to be able to sell or license those trademarks for a profit without having invested anything other than for the application.”

Godfrey at Gowling WLG adds: “It’s rare that an entity would have intention to use a trademark in all classes of goods and services. It is possible that there’s a legitimate intention, but if there isn’t any then these applications serve to occupy space that others that others will be prevented or hindered from using.”

It is possible to get marks cancelled for non-use, but the registrar will only initiate cancellation proceedings after the third anniversary of registration. “Therefore, the anticipated legislation created a three-year period in which a registrant could seek to enforce purely paper rights without any practical means of challenge,” wrote Peter Giddens, co-chair of IP and trademarks at McMillan in an analysis.

Not enough info

Canada’s new national strategy, it seems, has taken steps to stop the rise of trademark trolls. “It does seem like what is being said here could help deal with trolls,” says Jamie-Lynn Kraft, associate at Smart & Biggar Fetherstonhaugh. “Perhaps there will be legislation limiting trolls’ ability to enforce these sourceless trademarks.” But, she adds, there’s still a certain amount of uncertainty about how the government intends to achieve its trademark goals.

Rowden at Bereskin & Parr adds: “We don’t know any more than is in the publicity at the moment. Presumably there will need to be legislation to address the promises they’re making.

“But we don’t know how they’re going to do it. It could be via regulation or statute. The wording in the announcement is a little unclear as to when use would have to be shown, what use would have to be shown or the timing of it. So there’s some uncertainty about what is going to take place, but it will hopefully solve some of the problems.”

“To me it looks like an abuse of the trademark system and presumably the goal is to be able to sell or license those trademarks for a profit without having invested anything other than for the application”

Cynthia Rowden, counsel at Bereskin & Parr
Managing IP recently revealed the outstanding firms and individuals for IP work in the past year.

Our awards ceremonies this year took place in London, New York and Hong Kong in March. This year awards were presented in 220 categories in more than 45 jurisdictions.

Following feedback from guests, this year we changed the coverage of our awards events. We expanded our North America ceremony to include South America and Central America, and moved the newly-named Managing IP Americas Awards to New York City. The London ceremony was changed from the Global Awards to the EMEA Awards. Lastly, we launched an Asia Awards.

The following pages include highlights from the ceremonies, and a selection of some of the trademark-related winners and shortlists. Brief reasons for each winning firm are also given.

To view all the winners from this year’s Managing IP Awards, please visit www.managingip.com/awards
Kelly IP was established in 2013, and is a full-service trademark boutique that advises top-tier clients.

Ashurst represents some famous brands. For example, it acted for Kellogg Company in relation to the “Special K” and “NutriGrain” marks.

Davies Collison Cave defended applications for the Australian Counsel for Educational Research and advised Dulux Group on an expansion of its product range into a south-east Asian country.

King & Wood Mallesons works with multinational and national companies.

CCPIT is the oldest and one of the largest full-scale IP law firms in China, boasting more than 294 patent and trademark attorneys.

Singh & Singh won an important victory for Prius against Toyota at the Supreme Court, which reiterated that IP rights are “territorial” and not “global”.

Anand & Anand helped the Taj Mahal Palace Hotel to become the first privately owned hotel in India to receive trademark registration.

Nakamura & Partners’ recent wins include representing Augusta National in a trademark case against Konami Holdings, which resulted in the revocation of the trial decision by the IP High Court in 2016.

Shiga International Patent Office is one of the largest firms in Japan specializing in intellectual property. It was founded in 1965.

Kim & Chang obtained a preliminary injunction at the Seoul Central District Court on behalf of Binggrae against Daee Food for selling a product that copied the appearance of a banana flavored milk beverage.

Lee International IP & Law Group was founded in 1961 and is one of the most active IP specialist firms in the country.

Last year Altius acted in office and court disputes including a multi-million euro parallel import case on behalf of Mitsubishi on the issue of debranding outside the EEA.
Gorrissen Federspiel is defending six companies in a dispute involving several injunctions as well as substantive points of law.

Zacco defended office challenges for brand owners such as Alo and Stayhard.

Bird & Bird continues to grow its practice. It provided strategic and cost-effective advice to brand owners facing disputes, clearing the way for product launches.

Cabinet Plasseraud defended challenges against its clients’ marks and in other cases used oppositions and alternative dispute resolution to protect their interests.

Vinge obtained favorable results for Orkla Foods in its dispute with Nestlé over the mark “Felix”.

Bristows helped Mondélez settle its high profile dispute with Poundland and defended Nestlé’s appeal over the Kit Kat shape mark.

Hogan Lovells represented adidas in the General Court over its opposition to a two-stripe mark and Starbucks in its appeal against the EUIPO decision over “Coffee Rocks”.

Hogan Lovells represented adidas in the General Court over its opposition to a two-stripe mark and Starbucks in its appeal against the EUIPO decision over “Coffee Rocks”.

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Examining data on the malicious registration of trademarks in China

Zhang Xuan, founder of IP House, analyzes data and trends relating to the malicious registration of trademarks

The malicious registration of trademarks refers to those registrations that are committed for the purposes of improperly taking advantage of the market reputation of others. Malicious registration refers to the violation of the principle of good faith, harming the legitimate rights and interests of others and registrations that are committed for the purpose of embezzling public resources. The author of this article, by means of the legal database owned by the Beijing IP-house Technology Network, which is a leading IP legal data provider, has conducted big data analysis on judgments and summarized the general distribution of malicious registrations within Chinese territory.

Second instance administrative cases
Regarding administrative disputes in relation to the affirmation and authorization of trademarks, China Judgments Online shows, on April 3 2018, that an aggregate number of 10,208 second instance administrative cases were concluded at Beijing Higher People’s Court from January 1 2013 to March 31 2017. Among those cases, 3,654 concerned the malicious registration of trademarks, accounting for 35.6% of the total number.

Regarding the types of disputes, cases involving trademark opposition accounted for 50.7%, cases involving the rejection of trademark registration accounted for 30.3%, cases involving the invalidation of trademarks accounted for 18.85% and cases involving dismissal of the review application accounted for 0.06%.

In relation to the class of goods or services, the following five classes were most affected by malicious registrations: Class 25 (clothing, footwear, headgear), Class 9 (electronic and electric appliances), Class 30 (food, rice, flour), Class 33 (alcoholic beverages) and Class 35 (advertising, business management). Among the five classes, cases involving Class 25 accounted for 15.66%, cases involving Class 9 accounted for 10.98%, and cases involving Class 30 accounted for 8.37%.

There were 1,534 cases involving a foreign element, which accounted for 42.46%. Among the foreign-related cases, the following 10 countries contributed most to malicious registrations: the US, France, Germany, Japan, England, Switzerland, Italy, Singapore, the Virgin Islands and South Korea.

First instance administrative cases
During the same period of time as aforesaid, an aggregate number of 20,737 first instance administrative cases regarding the affirmation and authorization of trademarks were concluded at the Beijing IP Court and the Beijing No 1 Intermediate People’s Court. Among those cases, 12,201 cases involved the malicious registration of trademarks, accounting for 58.84% of the total number.

Regarding the types of disputes, cases involving the rejection of trademark registration accounted for 61.46%, cases involving trademark opposition accounted for 23.27%, cases involving the invalidation of trademarks...
accounted for 23.27% and cases involving dismissal of the review application accounted for 0.33%.

Regarding the class of goods or services, the following five classes were most affected by malicious registrations: Class 25 (clothing, footwear, headgear), Class 9 (electronic and electric appliances), Class 35 (advertising, business management), Class 30 (food, rice, flour) and Class 11 (household appliances). The cases involving the foregoing five classes of goods and services accounted for 41.93% of the total number of administrative cases of first instance concerning the affirmation and authorization of trademarks.

1,534 cases involved a foreign element. They accounted for 42.46%. Among the foreign-related cases, the following 10 countries contributed most to the arena of malicious registrations: the US, Germany, France, Japan, England, Switzerland, Italy, South Korea, Netherlands and Singapore.

### Civil lawsuits
The malicious registration of trademarks also exists in civil lawsuits in China. During the same period of time, an aggregate number of 137 civil cases involved the malicious registration of trademarks. These civil cases fell within disputes over infringement of trademark rights, disputes over infringement of copyright, disputes over infringement of corporate names (trade names) and other disputes related to unfair competition. Among the civil cases, those involving the infringement of rights accounted for 86.93%, and those involving unfair competition accounted for 12.42%.

### Developments
In recent years, both the Chinese government and the judiciary have emphasised the protection of intellectual property rights, with the judicial authorities playing a key role. On April 10 2018, President Xi Jinping gave a keynote speech at the opening of the Boao Forum for the Asia Annual Conference 2018 stating that China will continue to strengthen the protection of intellectual property rights, significantly increase the costs of infringement and fully utilize the deterrent functions of the law. In April 2017, the Supreme People’s Court published the Plan on the Judicial Protection of China’s Intellectual Property Rights which is aimed at continuing to strengthen the protection of intellectual property rights. In April 2017, the court especially held a press conference where four regulatory measures as well as 18 typical cases on regulating malicious registration were discussed. We believe that with the continuous efforts of the judicial and administrative authorities, there will be fewer and fewer malicious registrations of trademarks and the Chinese market will be fairer, more open and thorough.

The statistical data above is provided by Beijing IP House Technology Network. Should you have any questions regarding the data or want further data regarding intellectual property, please visit www.iphouse.cn or send an email to wjq@iphouse.cn.
Hello, ladies and gentlemen. I’m Christy Li, host of today’s debate on trademark opposition procedure. We have two contestants today from world famous law firms who were winners in the 2018 debate season. Let us welcome Mr P and Mr A to the stage.

Mr P and Mr A have experience in plenty of countries, and they have both received awards and accolades. For example, Mr A has had wins in Japan and Germany, and people there have hailed him as the father of trademark opposition procedure. Meanwhile, Mr P does not show weakness, and is fully endorsed by China and the UK.

Today the debate relates to a very familiar but controversial topic in worldwide trademark practice – whether opposition should occur before trademark registration or after trademark registration. As this is an informal debate, there will no ballot process today. Let us start with Mr A’s statement.

Mr A: As far as we know, the reason a trademark proprietor files a trademark application is to acquire an exclusive right, so that they can use the trademark in commercial activities. Opposition after registration enables trademark proprietors to register a trademark earlier and facilitates the expansion of their business. This is because, for countries that adopt the method of opposition after registration, trade marks will be granted registration without a publication period, which ranges from one month to several months. After the trademarks are registered, anyone/an interested party can file an opposition during the prescribed period.

Secondly, the function of trademarks is to help the relevant public distinguish goods/services sources. Where marketing exists, there will be competition. For opposite parties, creating obstacles in the way of trademark registration is a great weapon. Despite clearly knowing that an opposed trademark does not collide with its prior right, nor is the opposition in the public interest, parties still raise an opposition.

In most jurisdictions, the office usually takes more than 12 months to finish examination of an opposition case, and initiating an opposition could result in delaying registration for over one year. How should such pre-emptive opposition be solved? Opposition after registration could eliminate the risk of bad faith opposition, for the reason that the trademark has been granted registration before the opposition period and cannot be delayed due to the opposition procedure.

Another advantage of opposition after registration that I have to stress is that it enables trademark proprietors to acquire registration certificates earlier, which is a stepping stone in commercial transactions and infringement defence. When running a business, a registration certificate is the only evidence to show ownership, especially for famous websites, like Amazon, Tmall, JD, etc. Without it, all business activities bear the risk of infringements. A registration certificate could show ownership in infringement cases.

By comparison with this situation, opposition before registration delays registration and not only does harm to business activities, but also limits the ability to sue others for infringement.

All in all, opposition after registration is a beneficial statutory procedure for trademark proprietors.

Host: Mr A set forth the advantages of opposition after registration, as well as some disadvantages of opposition before registration elaborately. Now let us see how Mr P will fight back.

Mr P: I do not deny that the earlier the registration date, the better. But, you have to compare the short term with a stable status. In my opinion, stability plays the most important role in business. If a trademark can be opposed any time after it is registered, what is the purpose of its registration? Only if the trademark is registered and overcomes the obstacles raised by prior cited marks, can it be registered with a low risk of attack. This is a true registration.

In most legal procedures, public interest overrides private rights and this is the case for trademarks too. When setting up the statutory

“Opposition after registration enables trademark proprietors to register a trademark earlier and facilitates the expansion of their business”
procedure of opposition, private rights as well as public interest should both be taken into consideration. The purpose of opposition is to take advice from the public, and to carry through trademark right verification publicly, fairly and authentically. Temporary registration without public opinion does not strictly qualify as ownership of a trademark right.

Additionally, opposition after registration is a waste of marketing and judicial resources. In the first place, trademark owners will fully prepare to enter a market for the trademark, but how does it feel when they hear that their registered mark is opposed by third parties and may be rendered invalid? The worst aspect of this is that their mark can be rejected from registration or invalidated after their marketing preparation. It is not hard to conclude that all the preparation is a waste of time and money. In a similar way, jurisdictions have used up time and energy checking and issuing a registration certificate, but have to cancel it after the mark is rejected from registration due to opposition.

To conclude, when deciding whether opposition should take place before or after registration, factors relating to private and public interests should be taken into account, and opposition before registration is preferable to opposition after registration.

**Host:** Ok, time is over for Mr P. Both contestants expressed themselves logically and reasonably, and both procedures have precedents throughout the world, proving that they have pros and cons. It seems they are equally matched.

As long as it suits the local situation, either method is acceptable and can be adopted. When deciding whether it is appropriate or not, factors like the annual filing numbers in the local district, the degree of bad faith, the opposition percentage etc. should all be taken into account. No one is born wise or learned. The purpose of discussion is not necessarily for achievement, but to motivate more interested people to join us so that we can find the most effective and beneficial way to manage and mold a healthy and sophisticated intellectual property market.

“If a trademark can be opposed any time after it is registered, what is the purpose of its registration? Only if the trademark is registered and overcomes the obstacles raised by prior cited marks, can it be registered with a low risk of attack”
Two bills involving changes to Mexico’s industrial property legal framework have been passed by Congress in 2018. One of them targeted industrial designs and geographical indications and the second was related to trademarks. These reforms constitute a comprehensive amendment to Mexican Industrial Property Law. Although much remains to be done in terms of implementation, these reforms are generally perceived as an enhancement aiming to broaden industrial property protection for users of the system.

Designs
On March 13 2018 a reform to Mexico’s Industrial Property Law was published and this came into effect on April 27 2018. The reform will have a considerable impact on the protection afforded to industrial designs and geographical indications in Mexico. To understand the scope of the reform it is important to contrast the protection of industrial designs, appellations of origin and geographical indications before and after this reform.

In Mexico, according to the law, industrial designs are classified as either industrial drawings which refer to shapes, lines or colors incorporated into a product for aesthetic purposes, or industrial models which are essentially models or patterns used to manufacture a product. Exclusivity can be granted over industrial designs through registration as long as they are new and susceptible to an industrial application.

The reform raises an interesting question: what is the meaning of new industrial design? Before the reform, the law simply and vaguely defined it as the lack of any identical design being publicly known at the date of the filing of the application and additionally stating that designs differing in irrelevant details will still be considered identical.

The bar seems to have been raised in the area of protection for industrial designs. Examiners will now be constrained to consider not only if the design differs from other known designs in more than just irrelevant details, but also if an expert in the field would discern a difference between the design in question and other known designs.

The reform seeks to bring the prosecution of industrial designs closer to the procedure for obtaining a patent. With a few exceptions, designs will be prosecuted and issued using the same rules as for a patent application. The reform may allow the owner of a design application to obtain compensation from third parties that use the design once the application is published.

The reform also included a big change in the timeframe in which design registrations are in force. Before the reform, the registration would be in force for a period of fifteen years, without the possibility of renewal. Now, the design registration will be issued for an initial period of just five years, and can be renewed for subsequent periods of five years for up to a total of 25 years.

It should be mentioned that both applications pending at the time that the reform came into force and issued design registrations can benefit from the reform. Applicants will need, however, to specifically request the application of the new rules to their existing application within a 30 day period counted from April 27 2018, and it is highly advisable that applicants interested in doing so seek legal advice. Owners of design registrations granted before the reform may benefit from a time extension so that they can enjoy up to the maximum of 25 years.

Geographical indications
The protection of geographical indications has also been substantially changed. While international treaties protecting geographical
indications can be invoked before Mexican authorities, up until the reform, industrial property law only recognized denominations of origin understood as the name of a geographical region that is also used to designate a product that comes from that region and that owes its characteristics to the geographical environment. Tequila is a perfect example. It is a geographical region in western Mexico, but it is also the name of the product originating from that region that owes its characteristics to that particular environment.

The reform now also protects all geographical indications understood as any name of a region or other indication of belonging to a region that identifies a product as belonging to such a region when a characteristic of the product is mainly due to its geographical origin. This is without prejudice to the fact that denominations of origin are still protected. Thus, the difference is that the law in Mexico is granting protection to any indication that a product originates from a certain region, even when the name of the product is not the name of the region. For example, references to Baja California in connection to wine can be protected as geographical indications even if they would not qualify as denominations of origin under the prior rules because they are not the name of the product.

To further protect geographical indications and denominations of origin, the Industrial Property Law now establishes that using without authorization a denomination of origin or geographical indication constitutes administrative infringement. The reform also provides an additional protection for products produced in Mexico by providing that the sale, production, transport, import and export of products that do not comply with the applicable denomination of origin or geographical indication can constitute a federal crime.

Trademarks

On March 22 2018 a substantial amendment to Mexico’s Industrial Property Law was approved by Mexican Congress mainly focused on trademark-related aspects. The amendments have not yet been published and will become effective 60 days after publication.

Big changes have been made to trademark law. An important amendment is that trademarks no longer need to be visible in order to be registrable in Mexico, such as sounds and scents. Sounds and scents are capable of functioning as source identifiers by performing the trademark function of distinguishing the commercial origin of a product or service. Examples of these non-traditional trademarks are the Nokia tune or Tarzan yell, and the scent of bubble gum for footwear.

Furthermore, descriptive or common use terms as well as three-dimensional common forms, isolated letters, digits and colors and non-distinctive trade dress, previously unsuitable for registration will be registrable after the reform, based on distinctiveness acquired through use, also known as secondary meaning in some jurisdictions. Under current law, descriptive terms or otherwise non-distinctive elements are ineligible for registration and the Mexican Institute of Industrial Property has been reluctant to accept notoriety or strong distinctiveness arguments to overcome a descriptive objection. Evidence of use to claim acquired distinctiveness will certainly benefit those trademark holders whose marks have achieved distinctive status in Mexico despite being descriptive initially.

One of the most notable trademark reforms concerns the provisions governing oppositions. The most significant modification is that the opposition will be binding for the examiners of the Mexican Institute of Industrial Property, who shall issue a decision on the merits in each case. Further, the parties will be able to file evidence along with the opposition and will be granted a two-day term to submit final pleadings.

Registrants must now file a declaration of use during the three months following the third anniversary of the registration granting date. Failure to file this declaration will automatically result in the lapse of the registration.

As to cancellation actions, a new ground was implemented against bad faith applicants/registrants.

Accordingly, non-traditional marks that were previously denied protection will now be registrable in Mexico, such as sounds and scents. A trademark registration will be declared invalid if it was obtained in bad faith. The amendment does not detail what should be understood by bad faith, and this term will have to be interpreted by the Mexican Institute of Industrial Property and courts. For instance, a finding of bad faith may be based on the applicant’s knowledge of the third party’s rights or legitimate interests in an identical trademark or a trademark substantially identical to the mark applied for, or the applicant’s conduct in applying for the mark is inconsistent with norms of reasonable and fair commercial behavior, or the notoriety and well-known status of the mark at issue.

The virtue of this amendment is that it entitles legitimate trademark owners to defeat trademark piracy and trademark misappropriation cases.

Concluding thoughts

Mexico has introduced substantial reforms in relation to designs, trademarks and geographical indications. These provide a valuable opportunity to modernize Mexico’s protection of industrial property rights, both by recognizing the importance of protection of subject matter that was previously excluded and in enhancing exclusivities that already existed. What remains to be seen however, is how these reforms will affect the practice of the authorities and legal practitioners implementing these changes.
Kit Kat can’t catch a break

The drawn-out battle over whether Nestlé’s Kit Kat chocolate bars should be entitled to trademark protection severs as a cautionary tale for brands attempting to register shape marks in Europe.

The latest development was an EU top court adviser in April recommending Kit Kat should not be entitled to protection and stating the EUIPO must re-examine whether it may be maintained as a trademark. According to Advocate General Melchior Wathelet, Nestlé did not produce sufficient evidence to show that its trademark had acquired distinctive character because it was not recognized in Belgium, Ireland, Greece and Portugal. The advocate general said that for the trademark to be valid, Kit Kat would need to be recognized as distinctive across all the EU’s states, as was ruled by the General Court in 2016.

“Nestlé got close; it proved distinctiveness in most member states but not all,” John Coldham, director of IP at Gowling WLG, says. “The company tried to argue that it had shown distinctiveness in the major economies that represent the majority of chocolate-buying consumers and that that should be enough. But the European Court has been really strict and said no, if there’s a place in the EU where it is not distinctive of the product then tough luck.”

He adds that this decision differs from other parts of EU trademark law that require marks to be used within a substantial part of the bloc to remain valid, rather than within every member state.

If the advocate general’s recommendation is followed by the CJEU and the four-fingered trademark is revoked, it could become more difficult for businesses to attain shape marks.

“What was already quite hard has been made harder,” says Coldham. “There’s a question of whether that’s right but it’s a question that will have to be fixed by legislative changes rather than the courts. The courts will have made it clear [if the advice is followed] that if a shape is not recognized in every member country, it’s not distinctive enough to be a shape mark.”

The decision may also serve to stifle the attractiveness of shape marks and reduce the number of filings. “Trademark owners may think twice before filing EU shape marks,” Claire Lehr, partner at EIP, says “The level of evidence required to show distinctive character through use is extremely high, since recognition in 10 EU member states in this case was not sufficient.

“Those with existing shape trademarks may also be considering how evidence of their own marks’ distinctive character might stand up to a challenge led by a determined competitor.”