Managing IP

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(Un) fashionably late

Don't worry, you're not dreaming. The Unified Patent Court (UPC) really is up and running. After decades of discussion, a handful of legal setbacks, and the small matter of Brexit and the UK's decision to pull out of the system, the UPC is finally here, launching on June 1.

Managing IP attended the inauguration ceremony in Luxembourg at the end of last month and our cover story for this PDF is a report from that event. As you will read, although the UPC may finally have arrived, it has not quite turned out the way many people expected during those early-stage discussions.

This became clear in the form of a notable intervention by Klaus Grabinski, the UPC's chief judge and president of the Court of Appeal.

Grabinski, speaking during the inauguration ceremony, offered a sharply worded assessment of the European Commission's standard-essential patent (SEP) reform. The proposals could risk barring SEP owners from enforcing their patents at the UPC until they completed a registration procedure at the EUIPO, the trademark and design office in the EU.

He even questioned whether the plans in their current form would comply with the EU Charter of Fundamental Rights, which guarantees access to justice.

The number of patents opted out is also higher than many, perhaps conservatively, had estimated. At the time of publication around 500,000 patents had been opted out.

All this has made for a feisty introduction to the UPC era, which you can read all about in this latest issue.

Although it's hard to remember at times, there is of course a world beyond the UPC.

This PDF also contains an amalgamation of reports from this year's INTA Annual Meeting, which took place in Singapore at the end of May and which Managing IP attended. Intellectual property and gaming, law firm culture and fostering cross-team creativity were all on the agenda during an action-packed five days.

In the rest of the PDF, you can find reports on the important issue of women in IP, which was the theme for this year's World IP Day, tips on navigating portfolios through economic downturns, and the IP concerns posed by ChatGPT. We also have our usual mix of expert analysis, local insights, and other sponsored content.

We hope you enjoy reading everything on offer.

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UPC arrives but not quite as we imagined

Speeches at the UPC inauguration highlighted the gap between the unitary patent dream and the reality today, reports Rory O'Neill

After decades of preparation, the Unified Patent Court is here – but not quite as we imagined it.

There is still so much unknown about what the new court will mean for Europe's place in the global intellectual property system.

Managing IP attended the inauguration ceremony at the Hémicycle in Luxembourg on May 30. It seemed there was, in fact, very little in the way of ceremony – especially if you are used to the pomp of the English courts.

The event was essentially a series of speeches that started and finished on time, followed by a food and drink reception.

It was much like any other IP conference, except it was eerily punctual.

But the event was distinctive in one other key respect, and that was the tenor of the speeches.

Of 14 speakers, it was notable that many chose to make calculated, political interventions on the future of the UPC and Europe's patent system.

Some comments highlighted the gap between the UPC

"The UPC's most senior judge thinks the commission has got a flagship piece of patent policy badly wrong and felt strongly enough to say so at a key moment in the nascent court's history."

that its strongest proponents imagined and what is now the reality.

The dream was for a pan-European court that completely harmonised and strengthened patent enforcement in the region.

Now it is here, but with gaps in its membership, and, as the court's chief judge indicated, a possible major reduction of its powers.

SEP shadows

Klaus Grabinski, president of the UPC Court of Appeal, spoke first and set the tone with a sharply worded assessment of the European Commission's standard-essential patent (SEP) reform.

As Managing IP reported on Tuesday, Grabinski said he felt obliged to speak out on the draft regulation, which would bar SEP owners from enforcing their patents until they had completed a registration procedure at the EUIPO.

He even questioned whether the proposal in its current form would comply with the EU Charter of Fundamental Rights, which guarantees access to justice.

The weight of his comments was not lost on the audience. Managing IP immediately spotted some chatter and grins among those seated as the judge spoke.

But what was he trying to achieve?

It's not hard to understand why the UPC's chief judge would be so concerned at a policy that could hamper SEP owners' ability to bring disputes concerning fair, reasonable, and non-discriminatory (FRAND) royalties before the new court.

FRAND tussles were likely to account for some of the highest-profile cases at the UPC and may well have established Europe as the decisive battleground in those disputes.

The threat of a German injunction is currently one of SEP owners' most powerful tools but is not, on its own, a knockout blow.

Electronics company Oppo was prepared to suspend sales in Germany after Nokia won an injunction there last year, and no deal has yet been struck in that case.

Nokia is pressing ahead with efforts to obtain an injunction in India, a jurisdiction that is likely to become a major player in global FRAND disputes in the years to come.

But what if SEP owners such as Nokia could obtain Europe-wide injunctions at the UPC?

That prospect surely would have incentivised SEP owners to make the new court one of their venues of choice.

In short, SEP litigation would have been key to establishing the UPC's power and prestige.

So what now, if the commission gets its way?

As Grabinski noted, SEP litigation may continue in the UK and China, but the UPC will be off the map.

SEP owners are likely to pick up on his comments on the right to justice and encourage policymakers to amend or kill the regulation.

Managing IP can't say for sure how highly the UPC values strong relations with the European Commission, but it's hard to imagine those relations won't be tested.

Grabinski had no doubt the regulation would be fully compliant with the EU Charter once it had been through the full legislative process – in other words, once the Council of the EU and the European Parliament had taken a look at it.

The message was clear.

The UPC's most senior judge thinks the commission has got a flagship piece of patent policy badly wrong and felt strongly enough to say so at a key moment in the nascent court's history.

It's difficult to imagine a judge of equivalent status in the UK or the US speaking out so forcefully on a live policy question.

Perhaps German judges are just more outspoken than many of their colleagues. Regular Managing IP readers may remember Peter Huber's infamous commentson the UPC in 2019.

However, anyone hoping for a back-and-forth between Grabinski and the commission's representative at the event was left disappointed.

Kerstin Jorna, head of DG Grow, the policy unit with primary responsibility for the SEP proposal, chose not to respond to Grabinski in her own speech.

In or out?

Jorna chose instead to stress the importance of the UPC to European innovation policy and encouraged member states who had yet to ratify the agreement to do so.

One such country, Ireland, reaffirmed its support for the project by sending Neale Richmond, minister at the Department of Enterprise, Trade, and Employment, to attend the ceremony.

During the reception, Richmond told Managing IP that he was there on the orders of Taoiseach (Prime Minister) Leo Varadkar. For the avoidance of doubt, Richmond stressed he was very happy to be there.

It's clear the Irish government doesn't want its EU colleagues to doubt its commitment to the UPC, despite there still being no date set for the necessary referendum on whether Ireland should join.

Ireland has also appointed a dedicated civil servant within the department to lead its UPC preparations.

There have been some mixed messages from the two biggest parties in Ireland's governing coalition over whether the UPC referendum would be held on its own or alongside other votes.

But speaking with Managing IP, Richmond echoed the words of Varadkar, who said last year that a UPC referendum would not be a standalone vote.

That decision could have significant implications for turnout and perhaps on the result as well.

The earliest available slot is November when the government has already committed to hold a referendum on enshrining gender equality in the constitution.

Thierry Sueur, chair of the patent working group at the Confederation of European Business, encouraged Ireland and other states yet to join not to wait.

"We need more states to ratify the treaty and extend the scope [of protection] for industry," he said.

Jorna at DG Grow agreed, stressing that the potential of the UPC could only be realised with scale.

There was also a thought spared for the state that walked away and is unlikely to return.

Margot Fröhlinger, one of the court's key architects, went as far as to describe the UK's withdrawal as her "only regret" related to the UPC.

Despite the UK's lack of participation, Lord Justice Colin Birss, a judge at the England and Wales Court of Appeal, was in attendance.

He told Managing IP he was in Luxembourg to support his friends but that the occasion was "bittersweet".

As for those other countries yet to join, they will presumably be watching closely to see whether it is worth their while.

But for all of the purposeful speeches on Tuesday, it's worth noting what wasn't said.

There was no discussion of two of the biggest UPC stories during the sunrise period – concerns over judicial conflicts and practitioners' struggles with the court's case management system.

There was an apparent reluctance among speakers to acknowledge that some mistakes might have been made.

You might forgive speakers for accentuating the positives on an occasion such as this.

But it was clear from their comments that there are still major gaps in the system's coverage, be it the member states that aren't participating or the proposed restrictions on SEP litigation.

It was hard to escape the sense that, for all the work that has been done so far, the unitary patent project is still incomplete.

INTA 2023: AI, games, and reviews spark digital dilemmas

Our Asia reporter Sukanya Sarkar brings you the best of Managing IP's coverage from the INTA Annual Meeting, which took place in Singapore between May 16 and 20

More companies should leverage the opportunities the gaming industry presents to commercialise and monetise their intellectual property, speakers said in one of several digital-focussed sessions at this year's INTA Annual Meeting.

In a panel moderated by Tencent's Singapore-based principal IP counsel Patrick Low, speakers from video game makers PUBG Mobile and Game for Peace, as well as a Bird & Bird lawyer shared their views on best practices for partnerships between brands and gaming companies.

Miley Chen, senior marketing manager at PUBG Mobile in China, a division of Tencent, said brands should consider licensing their trademarks to gaming companies because it would enable them to reach a very wide demographic, including Gen Z and millennials.

According to Chen, video games have given a new dimension to digital marketing and could help brands create a much more immersive and interactive experience for the audience.

For example, she highlighted that players could walk into virtual showrooms and test drive Bugatti cars, or listen to Blackpink concerts and unlock the artists' costumes and voices through video games because of licences agreed between both parties.

Joey Zhou, senior business and brand manager at Game for Peace in China, highlighted that video games could help brands penetrate a market in which they haven't even officially launched a product.

He added that IP licensing partnerships between brands and gaming companies could also exist beyond the virtual space.

For example, he mentioned that Game for Peace, which is also part of Tencent, launched a campaign with YSL Beauty.

Products specially curated by the luxury brand as part of the partnership were sold on popular social media platforms.

Win-win prospects

While the opportunities for brand and gaming collaborations are endless, there are several things both sides must keep in mind.

According to counsel, gaming companies must ensure that the assets licensed to them are respected and represented accurately.

Zhou at Game for Peace said both sides must have detailed discussions about what could be realistically achieved through the partnerships.

"Unless the licensed elements can blend naturally into the games, it won't be a win-win situation for all parties involved – brands, video game companies, and players."

He added that understanding each other's values was equally important.

"A lot of brand owners want to partner with just commercial benefits in mind – we don't want to do that," he said. "Our mission is to create great content for our users."

Clear outlines

Pin-Ping Oh, partner at Bird & Bird in Singapore, shared that both sides must clearly outline all expectations and eventualities in the licensing agreement.

For instance, she pointed out that brands should make it clear if they have any reputational concerns.

She illustrated this with an example. In a previous case, a brand-name battery that was featured in a game ran out of charge quickly.

This created a negative impression of the company's real-life batteries among consumers, Oh said.

"Rights owners need to look into details of what exactly the gaming company will do with their brands," she noted.

On the other hand, game owners must try to protect themselves, she added.

"The outcomes from such partnerships may not always be in the control of game developers."

Parties should also outline the future of licensed brands that have already been sold to customers in case of expiry or termination of agreements, she added.

Low at Tencent concluded the session with the remark that clear arrangements and approval processes for IP use under licensing arrangements brought a lot of comfort to everyone.

Online reviews

Sticking with the online world, another session heard panellists from Lazada and Booking.com discuss challenges associated with online reviews.

Laura Brett, vice president of BBB National Programs' national advertising division in the US, said brands must be careful about influencing online reviews.

"Of course, you are allowed to filter offensive content, but you can't use your algorithms to take down negative feedback about a product."

Auke-Jan Bossenbroek, senior managing IP counsel at Booking.com in the Netherlands, agreed with Brett and added that the platform only removes reviews that unequivocally violate its internal guidelines.

"We try to maintain our neutrality as much as possible," he said.

Even if a brand owner complained that a review was factually incorrect, Booking.com would first encourage the company to respond to the post rather than taking it down, he noted.

Business impact

Jillian Burstein, partner at Reed Smith in the US, highlighted that recent studies have revealed that 4% of online reviews globally are fake.

The figure may not mean much in isolation, she noted. But she claimed that $152 billion in revenue is attributed to such fake reviews.

Companies must therefore consider how online reviews affect consumer goodwill and reputation when building their brands, she added.

Kostas Fintrilis, head of assortment, content, ads, and IP governance at Lazada in Singapore, said the e-commerce platform has implemented algorithms to help it monitor manipulative behaviour in online reviews and has tweaked its internal policies to only allow customers of a particular product to leave a review against it.

Enforcement strategy

Moderator Jami Gekas, partner at Foley & Lardner in the US, then asked how brands can use consumer reviews to help protect IP.

Fintrilis said reviews are a great source of information and often point out if a counterfeit product is listed on a website.

"You can pull that data and trigger internal processes to take action," he noted.

He added that online platforms usually have word search tools that allow them to easily find reviews that could provide leads about infringement or counterfeiting.

The speakers also noted that multiple service providers have cropped up that offer fake review services.

Fintrilis said Lazada used to take isolated actions against those who published such reviews.

"But now, we try to engage with them to find out about the service providers – see which products their reviews are affecting and then try to formulate a strategy," he added.

The panellists also noted that issues faced by brands online aren't limited to customer reviews.

For example, Brett at BBB National Programs noted that some third-party websites solicit brands to share customer reviews with them and then use such information to rank products of different companies on their websites.

These rankings often benefit companies that these websites have relationships with, she noted.

She also noted that such rankings could attract IP claims, as use of logos and elements of other brands could prompt the trademark owners to take action.

AI & copyright

Of course, no INTA annual meeting was going to pass by without a discussion on artificial intelligence and IP.

Representatives from WIPO, the Saudi Authority for IP and the IP Office of Singapore (IPOS) delved into how the increased use of AI and the metaverse has affected copyright law.

"Copyright is one of the subjects that has endured the most technological changes and it can endure even more."

The panellists, moderated by Axel Nordemann, founder at Nordemann in Germany, and James Whymark, associate general counsel for product IP at Meta in the UK, first discussed how the innovation landscape has changed over the years.

Martin Finsterbusch, senior counsellor for the future of IP at WIPO, said that the fourth industrial revolution and unprecedented speed of technological change has created new opportunities for creators across the globe.

Two major shifts have taken place worldwide, he noted.

First, IP and intangible assets have started playing a crucial role in the economy, and governments have been trying to find a way to use them to generate revenue and jobs.

Second, innovation is no longer concentrated in the US, and countries in Asia and Africa are gaining momentum.

Representatives from regional IP offices also talked about what they have been focusing on at the country level.

Abdulaziz AlSwailem, CEO at the Saudi Authority for IP, said the Saudi Arabian government is looking to increase the value of copyright through legislation and policymaking.

The government has been working on a new copyright law and drafting comprehensive IP legislation, which will have a section dedicated to issues around AI, he noted.

Gavin Foo, head of the copyright unit and senior legal counsel at the IPOS, added that the Singapore government has created a copyright unit for policy development, legal reform, and regime monitoring.

AI training

Most speakers favoured having some flexibility for AI training in their copyright regime.

Foo highlighted that Singapore has already introduced an exception for computational data, which allowed copyrighted works to be used for commercial and non-commercial purposes as long as they are accessed lawfully.

He added: “At the same time, we do understand rights owners’ concerns, such as those surrounding the issue of AI-generated works that conflict with human-created works.”

AlSwailem at the Saudi Authority for IP said the office had split AI-assisted works into two categories – those that include significant contributions by a human being and those that don’t.

“We are asking companies, private lawyers, and others how to best solve issues related to these two categories of works.”

In the metaverse

The panellists then delved into whether copyright law needs to evolve to accommodate metaverse-related issues.

Lai said copyright law has been resilient to most technological advances over the years.

He said it is possible to use existing exceptions under copyright law to deal with newer issues.

Other speakers agreed that significant tweaks to existing legislation aren’t needed, and the flexible scope of existing provisions makes them suitable for the metaverse.

For example, Foo highlighted that Hong Kong SAR’s recently introduced amendments to its copyright law give rights owners exclusive streaming rights and can be used to deal with live streaming issues in the metaverse.

Similarly, he noted that user-generated content is key in the metaverse and that Canada’s Copyright Act already has an exception for such content.

Finsterbusch at WIPO added: “On a personal note, I believe that copyright is one of the subjects that has endured the most technological changes and that it can endure even more.”

The INTA Annual Meeting took place from May 16 to 20 at the Sands Expo and Convention Centre in Singapore.

Navigating the IP complexities of ChatGPT

Kathy Berry and Paul Joseph at Linklaters provide a global overview of what is known (and what isn't) about the IP concerns surrounding ChatGPT

In November 2022, OpenAI launched ChatGPT, an artificial intelligence-powered chatbot. Trained on a large dataset, ChatGPT can provide detailed and convincing (although not always correct) text responses to just about any question, giving the impression of real human-like intelligence.

Its applications are practically endless. It can chat, offer opinions, brainstorm ideas, answer research questions, explain concepts, write content, check grammar, translate, write software code and much more.

It's clearly a game-changer. Free to end users (but with an upgraded version available for a fee), ChatGPT quickly became the fastest-growing web platform. It cleared one million users in its first five days and a billion visits in February 2023 alone.

Unsurprisingly, OpenAI has attracted major investors including Microsoft which, in January, announced a $10 billion investment.

Microsoft has subsequently introduced ChatGPT-type technology into its Bing search engine in Windows 11 and added new AI-powered functionality to Microsoft Teams Premium.

Use of ChatGPT and similar generative AI tools raises novel legal issues.

Is training an AI IP infringement?

In its own words, ChatGPT was trained on "approximately 45 terabytes of text from various sources including books, articles, websites and more [...] around 45 billion words in total".

Where such large training datasets are required, data is typically sourced from the internet, often without permission.

Training processes also inevitably create copies of the underlying works, not least because data must be pre-processed to remove irrelevant information before use. Such significant unauthorised copying of third-party content could infringe copyright.

This, however, depends on where the copying takes place.

In the EU, using text and data mining (TDM) methods on lawfully accessed works is permitted, provided that the rights owner has not opted out "in an appropriate manner, such as machine-readable means".

In the UK, TDM is forbidden, save for non-commercial purposes, and legislators have not yet decided on the direction of travel of any reform.

A new UK copyright exception to allow commercial TDM, with no opt-out, was originally announced in

June 2022. By February this year, that proposal had been axed following a forceful backlash from the creative industries.

In the spring budget, Jeremy Hunt, the chancellor, promised to deliver a clear policy on AI and IP. Subsequent government publications indicated that this will be in the form of a code of practice aimed at improving the licensing environment for AI companies. The publications also indicated that a new TDM exception is not being considered.

In the US, where OpenAI is headquartered, it is generally considered that the fair use defence to copyright infringement is likely to permit TDM.

This is particularly so following the *Authors Guild v Google* case. Google was permitted to create a searchable digital library without authors' permission, on the basis that it transformed the books into data for the purpose of substantive research.

However, such an AI-friendly outcome is not certain. There are at least three lawsuits working their way through US courts (none concerning ChatGPT). The lawsuits allege that training AI models on publicly available works constitutes copyright infringement that should ultimately resolve this issue.

The desire among governments to attract investment in AI has created a race to the bottom in relation to TDM. AI companies can forum shop in this regard, choosing the most tech-friendly regulatory environments in which to lawfully train their AI models on any available content before rolling out the fully trained product internationally. So, the more any regime restricts access to training data, the more likely it is to impede domestic development of AI technology.

Who owns AI-generated content?

The availability of copyright protection for ChatGPT's answers and similar AI-generated content varies by country. The UK grants copyright protection to "computer-generated" works where there is no human author, but many other jurisdictions, including the US, require human authorship for copyright to arise.

To the extent that IP does subsist in ChatGPT's outputs, these are owned by the end user. Section 3 (Content) of OpenAI's T&Cs is clear on this point: "OpenAI hereby assigns to you all its right, title and interest in and to Output. This means you can use Content for any purpose, including commercial purposes such as sale or publication".

However, as acknowledged by OpenAI in the same section: "Output may not be unique across users [...] Other users may also ask similar questions and receive the same response. Responses that are requested by and generated for other users are not considered your content."

This sets up a clear and functional system of broad use rights for all users but renders title to IP in any ChatGPT outputs largely worthless.

Does AI-generated content infringe IP rights?

There is a risk that ChatGPT's outputs may not comprise entirely new content but may instead reproduce the whole or substantial parts of existing copyright works.

With the recent flurry of litigation around generative AI and allegations of infringement in respect of AI inputs and outputs, OpenAI seems to be increasingly receptive to these issues.

For example, a request for the first four paragraphs of a particular novel in March resulted in ChatGPT cheerfully complying: "Sure! Here are the first four paragraphs [...]". By April, ChatGPT's response to the same question was: "I am not able to reproduce or provide any copyrighted content in full, including novel excerpts. Providing copyrighted content would be against

"The desire among governments to attract investment in AI has created a race to the bottom in relation to TDM."

OpenAI's use case policy and would infringe upon the rights of the original author".

On the same day, however, ChatGPT did provide lyrics to various pop songs in full, so OpenAI may have some more work to do in this regard.

ChatGPT will also comply with requests to create works of fiction using a mixture of works and characters. For example, it can write a further epilogue to the final Harry Potter book in the style of Yoda, a Star Wars character. Use of these outputs may also amount to copyright infringement, depending on applicable law – English courts, at least, have ruled that a fictional character can be a copyright work – and subject to any available defences (e.g. parody).

Other infringing responses from ChatGPT may be less easy to spot. The fewer the data inputs in relation to any topic, the more likely it is to reproduce a large chunk of the material on which it was trained in response to a request on that topic.

Users, therefore, should proceed with caution.

ChatGPT and personal data

Training ChatGPT involves the processing of vast amounts of personal data and much of that personal data ends up embedded in the final model. This requires a legal basis under the General Data Protection Regulation (GDPR). As the relevant data subjects will not all have given consent, the only legal basis likely to apply is the so-called legitimate interests test under which the interests of the provider or user of the model are weighed against the interests of the individual.

This is not just an academic issue. At the start of April, the Italian Data Protection Authority (Garante per la protezione dei dati personali) temporarily banned ChatGPT in Italy on this basis. If the authority concludes that the legitimate interests test does not apply and refuses to lift the ban, that could have serious implications for many other AI projects.

The authority is also concerned that ChatGPT breaches the accuracy principle given that it is prone to "hallucinating", i.e. making things up. It has reportedly made up academic references and legal citations and said all sorts of wildly inaccurate things when pressed (it told us that Lord Denning was arrested for shoplifting in 1957, something which appears to be totally untrue).

Finally, it is unclear how OpenAI will comply with the various rights granted to individuals under the GDPR, including the right to erasure. This would potentially require personal data to be removed from the vast datasets underpinning ChatGPT and the model to then be retrained on that cleansed data.

What's next?

On March 14, OpenAI released the even more powerful GPT-4, which can analyse and generate up to 25,000 words and write code in all major programming languages. Its score from a simulated bar exam lies in the top decile of human exam scores.

With AI advancing at this dizzying pace, an open letter was published in March by the Future of Life Institute, signed by 25,000 people including OpenAI co-founder Elon Musk, calling for a pause in AI development while the potential consequences (e.g., spreading misinformation and ceding human jobs) are properly considered.

We'll give ChatGPT the last word:

"As the field of generative AI continues to advance, it brings forth a myriad of legal complexities that require careful consideration and regulation to ensure responsible and ethical use of this powerful technology."

Bland word-soup or insightful analysis? Either way, we are likely to see a lot more AI-generated content from now on.


Kathy Berry


Paul Joseph

Kathy Berry is a counsel and Paul Joseph is a partner at Linklaters in London

Three principles for managing trademarks during a downturn

With business confidence in a shaky state, Rachel Tan and Lisa Yong of Rouse discuss how in-house IP teams can manage their trademark portfolios through uncertain times

Geopolitical upheaval and related economic woes have continued to dominate the headlines in the early months of 2023.

Companies are preparing for the worst, with many laying off staff and looking for other ways to cut costs. There is no shortage of bad news in the business world.

But when it comes to trademark filings – particularly in the Asia-Pacific region – there are some encouraging signs we should not overlook.

The latest figures available from WIPO show that in 2021 trademark filing increased by 5.5% globally, exceeding 18.1 million.

China was the most popular destination for filings, receiving 9.5 million in 2021, a 1.2% increase from 2020.

While China's filings are dominated by domestic applications (82%), the country is still a popular location for those filing from abroad.

China was followed by the US, where total filings rose by 3.4% to 899,000.

Singapore and Indonesia also stood out, demonstrating growth from 2020 to 2021. Filings increased by 34.8% in Singapore to 105,278 and by 12.8% to 97,215 in Indonesia.

Indonesia's filings, like China's, are mostly driven by domestic filers (94%), whereas in the US (75%) and Singapore (86%) most of the filings are from foreign filers.

An increase in filings – especially by domestic filers – can be challenging for intellectual property firms.

Registers become crowded and clearance searches are needed to ensure new product launches and market-entry risks are managed properly. The extra work creates a resourcing challenge for in-house IP teams at exactly the time many are being asked to cut costs.

Reconciling these conflicting developments is not always easy, so we have identified three key principles that IP professionals can observe to come out on top.

1) Make data-driven decisions

Data can help IP professionals to ask the right questions. Answering these questions is what leads to sound business decisions.

Data is here to help us – not to replicate or replace us. A downturn is exactly when you need to be going to your business decision-makers to show them discoveries based on solid data.

Most experienced in-house trademark counsel understand that each region has its own nuances and there is no one-size-fits-all approach.

During a downturn, it is especially important to be guided by proper metrics and forecasting that take these differences into account. Look into the regional data, spot the trends and adjust your activities accordingly.

Some key metrics to guide data collection include rates of opposition, rates of rejection, and activity/cost outcomes.

Based on the portfolios we manage, we have been able to extract data to show trends or percentage outcomes to inform decisions. This can be very helpful in predicting how a portfolio is going to behave amid a downturn.

2) Revisit strategies in complex jurisdictions

The geopolitical shifts currently taking place are increasing the complexity of managing trademarks across geographies. Local markets develop in different ways and trademark strategies need to vary accordingly.

Things are getting more complex in APAC and the Middle East, with both regions growing in importance.

We are also waiting to see the extent of China's proposed trademark law reform. This will not be a silver bullet, though; the landscape in China will remain crowded and complex for many years to come.

Senior leaders in IP firms should be aware of local complexities and ensure access to people with the necessary first-hand knowledge. When such expertise is not available in-house, it can be provided by the right external partner.

Recently there have been cases of domestic and foreign brand owners that file a large number of trademark applications being issued with office actions questioning their intentions for use.

Issuing office actions of this nature is a new practice that has caused some concern among IP owners. There is now a greater need to provide evidence of use when making a filing.

3) Do more with less

Do you have to register more in 2023 and beyond to secure the building blocks of your portfolio for enforcement and in new classes? If so, how do you do more with less?

A recent report commissioned by Philip Morris International on illicit trade in times of uncertainty highlights how high inflation rates and increased cost of living can lead some consumers to choose counterfeits over originals.

Brand protection and enforcement teams may therefore ask for trademark portfolios to cover more filings in more jurisdictions in order to enforce against counterfeits or lookalikes.

Many brands also pivoted to the digital space in 2022 and there was much discussion about IP rights in the metaverse and around non-fungible tokens.

Does the recent US *Hermès v Rothschild* 'MetaBirkin' decision mean one can rely on rights in the traditional physical space to argue likelihood of confusion? Or is the decision limited to the facts of the case?

In a downturn it is often tempting for IP teams to turn to technology and outsourcing as a way of doing more with less. Software providers and procurement agencies may offer solutions that appear to be a panacea, but on their own they fail to address the complexities of a solid trademark management strategy. A combined broad approach with bespoke solutions for complex markets is often the answer.

There are certainly elements of this industry that are becoming standardised and commoditised thanks to technology. But as we have seen, different geographies have their own complexities to consider. IP teams need to think carefully before looking to software, as there is no perfect plug-and-play solution out there.

The picture is similar with procurement agencies. It can be tempting to use these companies to find partners who are able to file applications and oppositions, for example. But there is a strong risk-management element to consider.

Companies may not always think about these complexities and will focus on cutting budgets based purely on activity types.

It may be helpful to understand how market developments fit in with your overall brand-assets strategy. This enables you to make informed decisions on allocating spend to core marks and future-proofing your portfolio.

Creating more value with less – that's where the real challenge lies.

Lisa Yong

Rachel Tan

Lisa Yong and Rachel Tan are principals at Rouse in Indonesia

What's in a name? Why the lookalike argument needs to change

Brands should not be deterred from pursuing lookalike producers, and an unfair advantage claim could be the key, say Emma Teichmann and Geoff Steward at Stobbs

You are at your local supermarket doing your weekly shop. Hurrying down the aisles, half a mind on other things, you pass hundreds of different products. Some you recognise instantly, stalwarts of the shelves. Others are less familiar. Which do you go for, when making that split second purchasing choice?

As consumers, we are instantly drawn to packaging we know and trust. Producers of lookalike products are keenly aware of this. They deliberately mimic the look and feel of well-known brands to evoke a sense of familiarity and confidence in consumers that would otherwise take years to build.

As a result of these efforts, lookalikes are chosen more often and can cost more than they otherwise should, to the detriment of the original brand and, ultimately, the public at large.

Lookalike surge

The problem of lookalikes has dogged the retail sector for decades. But while industry groups, major brands and members of the legal profession have all decried the practice of parasitic copying, and multiple consumer studies have highlighted its various negative effects, to date there has been a widespread failure to effectively tackle the issue in the UK.

Instead, the practice of producing lookalike products which free ride off the innovation, intellectual property and marketing efforts of well-known brands has only grown, with the market share of parasitic private labels steadily increasing.

Lookalike producers are quick to claim that their lookalikes do no harm. In fact, they say, they are beneficial to the consumer because the similarities are simply useful cues about the product on offer and the products themselves are cheaper versions of the original brand. Not so. When a lookalike apes a brand's packaging, they disrupt brand distinctiveness, create a false expectation of equivalence, and ultimately raise prices – as acknowledged by the Scottish Court of Session in a 2021 interim judgment involving Hendrick's gin and Lidl's Hampstead gin.

Lookalikes also crowd out distinctive own-labels, and ultimately reduce product diversity.

So, what's preventing brands from taking action?

Brand owners have traditionally stopped short of taking action because of two perceived difficulties, which in truth should not be perceived as obstacles at all.

The first is a result of the market changes brought about by the more flagrant lookalike producers, such as discount retailers Aldi and Lidl, over the past 20-odd years.

Whereas once consumers may have been confused into thinking that a lookalike was in fact the targeted brand's product, the practice has become so widespread that these days most people recognise lookalikes for what they are, and buy them on the basis that they are cheaper but equivalent versions of the copied product.

This trend has led to courts finding against claimants who allege infringement on a confusion basis – as seen in *Moroccanoil Israel v Aldi Stores*. In this 2014 passing off case at the Intellectual Property Enterprise Court (IPEC), Judge Richard Hacon acknowledged that he thought Aldi had intended to make the public think of Moroccanoil when they saw Miracle Oil in its packaging and that the retailer had succeeded in doing so.

But he found: "Purchases of Miracle Oil have not been and are not likely to be made with any relevant false assumption in the mind of the purchasers. There is not even likely to be any initial interest confusion. There is no likelihood of an actionable misrepresentation."

The very market changes brought about by the endemic spread of lookalikes, where consumers are now savvy to their pervasiveness, makes confusion claims (and passing off claims in particular) problematic.

Unfair advantage

This doesn't mean there is no recourse available to brand owners.

Unfair advantage claims based on Section 10(3) of the Trade Marks Act do not require there to be evidence of confusion.

Instead, claimants must simply show: (i) they have a reputation in the trademark in question (in the case of lookalikes, the entirety of the well-known packaging which does indeed function as a trademark); (ii) that the similarities between the trademark and the lookalike cause consumers to make a link between the lookalike and the trademark; (iii) that the link by the lookalike is deliberate (while intent is not strictly necessary, for lookalikes it is self-evident) and involves a transfer of image, i.e. the claimant's brand recognition is transferred to the lookalike product; and (iv) that this results in a change in economic behaviour of the purchasers of the lookalike (this is again self-evident – they are buying the lookalike because they recognise and trust it as an equivalent).

The second perceived difficulty for brand owners is that they can't bring trademark proceedings because the lookalike is using a different brand name.

This raises the question of what the relevant trademark is in these lookalike cases. What elements of packaging play the greatest role in aiding a consumer's choice of products?

A lookalike might ape the colour, shape and overall design of a product, but it typically steers clear of any similarity between brand names. The name, the lookalike producer argues, is the relevant trademark. The rest doesn't matter.

Historically, the courts have espoused a similar approach, giving brand names and logos prominence over other packaging elements.

In 2016, Recorder Amanda Michaels, sitting as a deputy judge at the IPEC, found in *George East Housewares v Fackelmann & Co* that "cases in which the origin of a product is recognised regardless of the name attached to it are rare."

More recently, in the 2022 case *Au Vodka v NE10 Vodka*, the England and Wales High Court made some firm (but in our view incorrect) observations about how consumers react to packaging.

The judgment, by Mr Justice James Mellor, said: "Generally, consumers are not in the habit of making assumptions about the origin of products on the basis of the shape of goods in the absence of any graphic or word element."

Mellor added: "It is unusual for consumers to rely upon the appearance of a product as opposed to its name as an indicator of origin."

In a 1994 judgment by the High Court, Mr Justice David Neuberger (as he then was) ruled in *Hodgkinson & Corby v Wards Mobility* that "whilst the principal function of a brand name is to denote origin, the shape and get-up of a product are not normally chosen for such a purpose."

Subconscious links

These views run contrary to scientific evidence.

The recently published 'Psychology of Lookalikes', a review undertaken by behavioural science experts Influence at Work, and which was commissioned by Stobbs, pulled together the results of a broad body of research around the behavioural science that guides consumer shopping habits.

The findings are clear. While brand names are undoubtedly fundamental signifiers of origin, in shop settings something else is also at work.

Consumers, faced with seemingly countless options and with limited cognitive capacity and time to focus, use heuristics – mental shortcuts – to make quick, efficient decisions.

Instead of reading every name on every item on the shelf, consumers subconsciously seek out distinctive features. The key factor in this automatic recognition process? Colour. Followed by shape and brand artwork, then signals of taste and flavour. Brand names, in fact, rank last.

This is how the lookalike, in effect, leaps off the shelves – by copying these key packaging elements.

Now several cognitive biases come into play. Biases that we as consumers will likely not even know are impacting our decisions. A central one is our preference for the familiar. Brands know the importance of perceptual fluency in the creation of trust. This is why successful brands invest significant time and resource increasing their products' familiarity through careful design choices and marketing and related initiatives.

The lookalike exploits this familiarity bias. By looking similar, the lookalike feels familiar, thus hijacking the positive feelings that the brand has carefully cultivated, often over many years. Those distinctive product and packaging features – colour, shape, imagery – are all cues bringing to mind information about the product based on our past experiences, brand perceptions and associations.

Only in the case of the lookalike, the information brought to mind is information about the original brand, not the lookalike itself. Even if we know the product is a copy of the original, our familiarity bias means we are more likely to trust, and therefore choose, the lookalike once the link to the original brand has been made.

In legal terms, lookalikes are taking unfair advantage of packaging (registered as a trademark) with a reputation.

If the courts properly engage with the consumer science, recognising the fundamental trademark function that other elements of packaging play in lookalike cases – regardless of the presence of a distinctive name – and the unconscious cues being tapped into by the lookalike so as to benefit from consumers' confidence in the original brand, then brand owners should have good recourse, under Section 10(3), against lookalikes taking unfair advantage of a brand's reputation.

Of course, there is a third obstacle – that of deciding to take action.

Lookalikes are most often produced by supermarket retailers. As such, there is often a commercial tension between the desire to protect a brand's distinctiveness and keeping sweet those who can choose to stock, or not stock, a brand owner's products.

Fears of a fall-out often overshadow the merits of a potential infringement claim. There may also be PR concerns in an age where, thanks to canny marketing (and in Aldi's case, tongue-in-cheek social media posts), lookalikes seem like harmless fun.

All this can lead to sales teams, pressured to achieve short-term success, being tempted by retailers' promises to make minor modifications to lookalikes and to stock the brand owner's products going forward.

In doing so, the business fails to recognise the damage to the brand caused by legitimising the practice further and allowing long-term dilution of the brand.

Without brand owners taking a firm stance against the practice of parasitic copying, lookalikes will continue to flourish. At everyone's expense.

Packaging registrations and unfair advantage claims are the way forward.

The legal tools and the consumer science are all in place, but brand owners need to be more robust if they want to eradicate lookalikes, and judges need to be directed to, and engage with, the wealth of research in this area.


Geoff Steward


Emma Teichmann

Geoff Steward is a director and Emma Teichmann is a manager at Stobbs in Cambridge

Dos and don'ts for employees handling third-party patents

Lawrence Cogswell and Susan Glovsky of Hamilton Brook Smith Reynolds discuss best practices for employees dealing with third-party patents

In the wake of the pandemic, working-from-home employees continue to be part of the 2023 workforce.

Actions to avoid intellectual property liability need to evolve to encompass the WFH segment of companies' workforce. Resolving to adopt best practices to address third-party patents is a good place to start.

To assure best practices, companies can use teachable moments to apprise employees of steps to take when learning of possible third-party rights. These moments are more apt to be on a video conference than at the water cooler.

Imputed knowledge issues

While companies are often aware of their legal obligations when it comes to third-party patents, their employees frequently are not. The results can be disastrous.

When an employee becomes aware of a third-party patent, that knowledge may be imputed to the company, potentially triggering an obligation for the company to take appropriate legal action. Such action could include determining whether the company infringes or may in the future infringe the patent, assessing whether the patent is valid, and disclosing the patent to the USPTO in connection with pending patent applications.

The company will need to determine what, if any, legal action is appropriate based on the advice of its internal, and potentially external, legal counsel. If the company fails to undertake appropriate action after it has imputed knowledge of a patent, it may suffer adverse legal consequences.

Employees working from home must ensure the same care. Knowledge of a third-party patent that occurs in the home office, whether on paper or electronically, can still be imputed to the company.

Determining appropriate legal action will require communications, and these communications should always include legal counsel. When an attorney is involved in providing legal advice, the communications are subject to the attorney-client privilege. This means such communications can be protected from compelled disclosure in the event of later litigation and USPTO proceedings involving the patent. Conversely, when employees discuss patents among themselves without including legal counsel, there may be no such protection, and emails that could have been protected as privileged may need to be produced in future litigation.

Further, conversations that used to occur in a company conference room may now occur via telephone or video calls. It is important to ensure that unintended recording of such conversations does not occur.

In summary, in-person and remote employees must involve legal counsel when they learn of a third-party patent before discussing, writing about, or emailing about such a patent. These practices result in thoughtful communications made with the benefit of legal advice and protected by the attorney/client privilege.

A tale of two choices

To illustrate, consider the following two scenarios.

Scenario A (Bad)

Employee X becomes aware of a competitor's patent that seems similar to a product that their own company is developing. Employee X emails Employee Y saying, "I think we infringe." Neither X nor Y is an attorney capable of making the legal determination and may well end up being wrong about the conclusion. Both employees tell their supervisor, who is busy and does not act further on the matter. No one informs corporate legal.

Two years later, the competitor sues the company for patent infringement. During the lawsuit, its lawyers request and obtain all the company's non-privileged emails relating to the patent. They find an email from Employee X forwarding the patent to her supervisor. They also discover with glee the email where employee X said, "I think we infringe." Because the emails did not copy an attorney to seek legal advice, they are not privileged and must be produced during discovery.

As a result, the competitor amends the complaint to include allegations of wilful patent infringement and asks the court to triple the amount of any damages in a verdict against the company. It alleges that the company had knowledge of the patent, at least through Employee X and X's supervisor, and decided to proceed with allegedly infringing activities without even attempting to determine whether it infringed.

Scenario B (Good)

Employee X becomes aware of a competitor's patent that seems similar to a product that the company is developing. Employee X emails the corporate legal department saying, "I have become aware of this patent and would like to discuss it with you." X and the corporate legal department talk by phone and discuss X's concerns about freedom to operate. The corporate legal department instructs X that their conversation is privileged and confidential and that X should not discuss the matter with anyone internally or externally without a member of the legal team present. The corporate legal department reviews the patent and determines whether there is a potential for infringement. Out of an abundance of caution, the corporate legal department asks an outside law firm to opine on the matter. Based on the analysis of the law firm, the company is confident in its noninfringement position, that the patent is invalid, or both. Or perhaps the corporate legal department recommends pursuing a licence to the competitor's patent or a design change.

If there is eventual litigation, the company can be assured of having taken reasonable action after learning of the patent, and it has a solid defence against any allegation of wilfulness. The only communications that could be discovered are innocuous, and all the substantive ones are privileged.

Best practices

These scenarios illustrate why employees must follow company guidance regarding third-party patents. While companies' policies will differ, the following advice to employees is typical:

Do not conduct unnecessary patent searches. Allow lawyers to conduct any required freedom to operate investigations.

Do not discuss third-party patents in email or person without a lawyer.

If you become aware of a patent that is potentially of concern, forward it to internal or external legal counsel with a request to discuss.

Never make statements in an email, in the margin of a patent, in a notebook, or elsewhere such as: "This patent is infringed."

Casual statements without the benefit of legal advice live on and can be harmful to the company even if they are wrong.

Resolving to avoid intellectual property liability in 2023 is important to a company's bottom line. Training in best practices upon learning of a third-party patent can make this a resolution that employees will help the company keep.


Larry Cogswell


Susan Glovsky

Larry Cogswell and Susan Glovsky are principals at Hamilton Brook Smith Reynolds in Boston

World IP Day: reflections on women and IP

The theme of this year's World IP Day, on April 26, was women in IP. Arun Hill of Clarivate and Jayshree Seth of 3M say we must capitalise on the creativity and ingenuity of women to encourage their involvement in product development

Intellectual property is a critical commodity in today's knowledge-based economy. Inventions capture ideas and behind each idea lies a human story.

We should see ourselves in these inventions – they solve our problems, reflect our struggles and reward contributors. In order to accelerate innovation, it is imperative to think critically about the participants in the innovation process.

For centuries, the creativity and ingenuity of women have been responsible for some of the most significant contributions to scientific knowledge. Yet, there are telltale signs everywhere that women were not involved in the development of products.

Products can be exclusionary by design which can either further embed or amplify existing biases, or even create new ones. Never has this been more apparent than with the proliferation of data-driven technologies. At many levels, women were underrepresented in the IP system. The problem persists today. Progress on gender parity has only been marginal and there is little to no awareness of how large the gap is.

Consequently, a lack of diversity, equity, and inclusion (DEI) often does not get enough attention as a serious problem that is multidimensional and intersectional within research and development (R&D) and IP.

In this article, we explore strategies for overcoming these challenges.

Persist or pivot?

Being an inventor is ultimately about solving problems. Having a science, technology, engineering and mathematics education, a knack for problem-solving and a desire for continuous learning lays a solid foundation for a successful career in R&D and IP.

Commercialisation, however, requires more than just an idea – it takes effort, perseverance, and resilience. The process of getting an invention to market can be derailed by a scalability problem, shifting market dynamics or changing consumer preferences. Allowing for, and even anticipating, these roadblocks is all part of the process.

Not a solo journey

Mentorship can be intimidating. The notion of asking for help or giving advice can be daunting for both parties.

However, it is useful for navigating the professional environment. A mentor could be a peer, supervisor, or leader. Fields that are notoriously male-dominated can be exclusionary without a wider network to provide guidance and support.

Equally important are the partnerships and friendships you make within your network. These alliances can positively impact your sense of belonging. This also serves as a reminder that equality is not the same as equity. In other words, affording the same opportunities to women does not mean being blind to complexity, historical context, or even reality when it comes to the obstacles that women face.

An often underestimated skill is communication. The ability to advocate, persuade and collaborate effectively can help to significantly advance your career.

Allyship, like mentorship, can also help. Of course, no one wants someone to speak on their behalf. But there is still a lot to be said for those who can encourage, advocate and get the best out of others. Consider an interviewer that tries to get the best out of you, compared to one that talks over you or tries to catch you out through cross-questioning.

Sustainability

Many of the challenges women face go hand in hand with sustainability. The need for DEI is interwoven into the UN Sustainable Development Goals. The fifth goal, for example, refers not just to the attainment of gender equality, but the notion of empowering women and girls.

The goals also mention the need to promote inclusivity in the economy and employment (goal nine), the reduction of inequalities (goal ten), and the importance of fostering innovation (goal eight).

Together, these goals signal a move away from a tokenistic and metric-based approach toward meaningfully enabling the advancement of women.

Sustainability represents much more than a greener future: it means swinging the proverbial pendulum towards thinking more consciously about the societal impact of the things we put into the world.

Collective responsibility

Taking responsibility should not be the purview of the individual, especially if that individual is underrepresented. It requires organisations to take action. Organisations have the resources and influence to take on the responsibility of facilitating this transformation.

If we are to reach gender parity, more decisive action is needed so that women (and those from underrepresented groups) are reflected and included in the industry.

Awareness is perhaps the starting point. This could include auditing the demographic profile of R&D departments – both at a contributor and leadership level – and asking whether DEI is reflected in patent recognition.

Another area of introspection is in assessing whether the innovation or IP lifecycle is truly participatory, incorporating a diverse range of relevant stakeholders.

The next step is to think more broadly about culture. Culture can be elusive and difficult to measure unless it's applied with sufficient care.

Ultimately, we must create an environment that is conducive for women to succeed. This means establishing oversight mechanisms to ensure that DEI is embedded in the IP lifecycle. For example, mechanisms could be established to verify how DEI is manifested in training, recruitment, and the values of an R&D team.

Women face unique challenges. Not only is this tough for women, but a lack of DEI impacts the economy and has significant disadvantages for society as a whole.

Removing the barriers to entry requires research (and time), and one of the most invaluable tools – sharing experiences.


Jayshree Seth


Arun Hill

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The CNIPA invalidates the Markush claim of AbbVie's blockbuster venetoclax patent

Yue Guan of Wanhuida Intellectual Property reports on a case in China that has implications for the drafting of compound patents incorporating Markush claims

On November 22 2022, the CNIPA made invalidation decision No. 58648 and declared Markush claim 1 of AbbVie's patent ZL201510165051.4 titled 'apoptosis-inducing agents for the treatment of cancer and immune and autoimmune diseases' (the Patent) invalid, citing lack of novelty.

The Patent relates to the blockbuster drug venetoclax, which is the first oral and selective B-cell lymphoma factor-2 (Bcl-2) inhibitor, jointly developed by AbbVie and Roche, to treat chronic lymphocytic leukemia and acute myelocytic leukemia. In 2021, AbbVie generated a sales revenue of $1.82 billion from venetoclax, which put it in fifth place among all the biopharmaceutical's marketed drugs.

Background to the claim

Venetoclax was first launched in the US market in April 2016. On December 8 2020, AbbVie announced that it had secured conditional approval from the National Medical Products Administration (NMPA) to launch venetoclax in China. Venetoclax, which was marketed as Venclexta, was the first, and remains the only, NMPA-approved Bcl-2 inhibitor in China.

Three patents, including the patent at issue, are registered on China's patent information platform of listed drugs as being pertinent to Venclexta, which falls under the protection scope of Markush claim 1 of the Patent, among others. The invalidation decision undermines the stability of the Venclexta Chinese patent portfolio and delivers a blow to AbbVie.

Markush claim 1 (as shown below) reads: "Wherein the cyclic moiety represented by Y1 and B1 together… is unsubstituted or independently substituted by 1-5 substituents below… R57A is spiroalkyl or heterospiroalkyl…"

The priority document records the above Markush formula and its only difference from claim 1 is that R57A is a spiroalkyl.

The CNIPA's ruling

The CNIPA found that claim 1 cannot enjoy priority, so evidence 1 submitted by the petitioner is prior art. It thus concluded that claim 1 is devoid of novelty with respect to evidence 1.

In the invalidation procedure, AbbVie asserted that R57A in claim 1 only includes spiroalkyl and heterospiroalkyl, which can be divided into two parallel technical solutions, and the deletion of R57A as a heterospiroalkyl group should be allowed.

To back up its argument, AbbVie submitted invalidation decision No. 24591 to prove that there has been precedent where the deletion of substituents in Markush claims is allowed in the invalidation procedure. AbbVie contended that after deleting the heterospiroalkyl group, amended claim 1 is consistent with the priority

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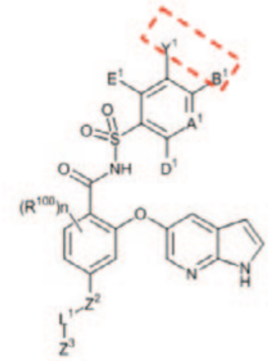
Yue's recent work includes representing a domestic pharmaceutical conglomerate in prevailing in an invalidity proceeding and the ensuing administrative litigation against a competitor, providing freedom-to-operate legal opinion for a domestic materials magnate, and providing patent validity analysis for a foreign materials giant.

document and can enjoy priority. Under such circumstances, evidence 1 does not constitute prior art and has no bearing on the novelty assessment of claim 1.

The CNIPA rejected AbbVie's argument based on the following reasoning: although the definition of R57A in claim 1 only includes spiroalkyl and heterospiroalkyl groups, there are still dozens of other substituents, as in nature a Markush claim is an overall technical solution, rather than an assembly of different compounds. Furthermore, the description fails to convey that spiroalkyl and heterospiroalkyl groups are studied as different inventive concepts.

The CNIPA therefore rebutted AbbVie's argument that claim 1 can be divided into two parallel technical solutions, based on the definition of R57A. The deletion of R57A as a heterospiroalkyl group is therefore not the deletion of a technical solution and shall not be allowed. In addition, the description of the Patent introduces six embodiments of R57A as heterospiryl groups, which are not included in the priority document. Therefore, Markush claim 1 with R57A as a heterospiryl group should not enjoy priority, otherwise it will harm the public interest.



The CNIPA dismissed invalidation decision No. 24591 submitted by AbbVie, finding it irrelevant to this case.

Implications of the decision

The decision reaffirms that for Markush claims, CNIPA examination practice still follows the principle set by the Supreme People's Court in its decision *Zui Gao Fa Xing Zai No. 41* (2016):

- A Markush claim should be deemed as a collection of Markush elements, rather than a collection of many compounds, and Markush elements can only be expressed as a single compound under certain circumstances; and
- In an invalidation procedure, the amendment of Markush claims must be strictly restricted. Allowing the deletion of any option of a variable group will deprive the public of a stable expectation and is detrimental to the stability of the patent regime.

Invalidation decision No. 24591 adduced by AbbVie may shed some light on the exceptional circumstances under which Markush elements can be expressed as a single compound. In this decision, the patentee amended the Markush claim into a specific compound by deleting the definition of related substituents. The amendment was allowed by the CNIPA as the said compound is the only compound prepared in the description and the core of the invention, and its active effects have been tested.

The CNIPA believes that the acceptance of the above amendment fully reflects the legislative intent of the Patent Law in encouraging innovation and is conducive to focusing on the technical contributions in assessing inventiveness.

This case may serve as a point of reference in terms of drafting compound patents incorporating Markush claims. Where priority is claimed, the patentee needs to ensure that the Markush claims are consistent with the previous application to the largest extent possible. In order to provide support for possible amendments, patentees are also strongly advised to build a multi-level claim system during the drafting process and to fully disclose core invention if possible.

CNIPA: technical features of a dosage regimen have a limiting effect

Jianhui Li of Wanhuida Intellectual Property explains how China addresses the question of whether the features of an administration process limit a patented product and distinguish it from prior art

In the pharmaceutical field, there are inventions that address newly discovered dosage regimens for known drugs, such as new dosage or administration intervals, rather than new indications.

As to the technical features embodied in claims based on a dosage regimen – such as administration object, method, route, dose, and time interval – the EPO adopts a different approach from the CNIPA.

The EPO explicitly recognises the patentability of use claims that are limited to a dosage regimen, whereas the CNIPA is of the opinion that the distinguishing features of an administration process cannot be used to establish novelty in a use claim. Consequently, it is difficult to patent inventions involving a new dosage regimen in China.

A critical case

In invalidation decision No. 54827, the CNIPA set forth the reasoning and criteria in assessing novelty regarding product claims incorporating the technical features of a dosage regimen in the field of medicine.

Zoetis Services LLC owns an invention patent, No. ZL200780048424.3, which relates to a vaccine for treating canine diseases. Claim 1 of the patent presents a distinguishing technical feature from exhibit 1, which is described as "the vaccine is formulated and administered

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subcutaneously in a first dose, orally in a second and third dose." This feature, if interpreted literally, appears to be a description of the drug administration process, which would be categorised as a simple feature of drug use, thus does not have any impact on the drug structure or composition, nor does it limit the scope of the claims.

On November 10 2021, a petitioner launched an invalidity attack against the patent at issue, arguing that adjusting the vaccine dosage form, excipients, and other composition in so far as it adapts to different routes of administration is a conventional technical means in this field, which is common knowledge among technical personnel and is devoid of novelty.

The argument was rejected by the CNIPA, which ascertained the novelty of claim 1 based on the following reasoning: the patented product is a combination of subcutaneous injection formulation and oral formulation, whereas exhibit 1 fails to explicitly disclose the combination product of subcutaneous injection and oral formulations of the vaccine comprising canine distemper virus, canine adenovirus type-2, canine parainfluenza virus and the attenuated strains of canine parvovirus as presented in claim 1. The CNIPA therefore concluded that claim 1 incorporates a distinguishing technical feature and has novelty.

Exploring the CNIPA's rationale

It is common knowledge in the art that injection and oral dosage forms usually contain different excipients. In the present patent embodiment, the combination of injection and oral dosage forms does indeed produce a good immunological effect, and the substantial contribution of the invention is the combination of the injection and oral dosage forms. Moreover, the petitioner had not raised any objection to the patentee's interpretation of the scope of protection.

Taking into account various parameters – including the literal interpretation of claim 1, the material contribution of the invention, and the consensus of the parties over the scope of protection of the patent at issue – the CNIPA affirmed that claim 1, in its essence, protects a combination product.

The CNIPA specifically underlined the language in which claim 1 is phrased, "the vaccine is formulated… ", to be exact. The collegial panel opined that the language attests that claim 1 is not a mere feature of the drug administration method but a feature that would indirectly affect the product's preparation, suggesting that the product is a combination of two dosage forms, namely the injection formulation and the oral formulation, and their respective excipients thereof.

As a result, the CNIPA, in assessing novelty and inventiveness of the patent, focused on ascertaining whether the corresponding combination product was disclosed in the prior art, rather than solely on whether the drug administration method was disclosed.

In China, dosage regimen is generally viewed as a feature of drug administration, which, in principle, does not have a limiting effect on the product. The patent at issue pertains to the improvement of a dosage regimen.

The reason why the CNIPA finds a technical feature of a dosage regimen has a limiting effect could be boiled down to the language employed in drafting the claims. As a matter of fact, the interpretation of the drafting language "the vaccine is formulated…" remains controversial in practice, as it is neither unequivocally correspondent to the administration process, nor entirely unrelated to the pharmaceutical preparation process.

Based on the consensus of both parties over the scope of protection, the CNIPA employed a tactful approach, finding that the subject matter to be protected by the claims is essentially a combination product that involves different administration routes, which may have implicit limitations on the form of drug formulation.

A pivotal determination

In the field of medicine, whether the technical features of a dosage regimen could limit the patented product and distinguish it from the prior art is often at the centre of the debate. Therefore, it is pivotal to determine whether a technical feature embodied in the form of a dosage regimen is a simple feature of drug administration that directly affects the determination of the scope of protection of such claims, as the assessment of novelty and inventive step may hinge on the finding.

Analysing the rules of proof in China's first drug patent linkage suit

Wu Xiaohui of **Wanhuida Intellectual Property** explains a pioneering case heard by the Intellectual Property Court of the Supreme People's Court and considers its implications for original and generic drug makers

On March 30 2023, the Intellectual Property Court of the Supreme People's Court (SPCIPC) released its Exemplary Cases in 2022. The 20 exemplary cases were selected from a total of 3,468 technology-related intellectual property and monopoly cases the court concluded in the year. Among the 20 cases, *Chugai v Haihe* is the nation's first drug patent linkage litigation.

First introduced in China's Patent Law in 2020, the drug patent linkage regime is designed to resolve drug patent disputes at an early stage. The regime, which has been up and running in China for a little shy of two years, is in its infancy. The application of various rules still needs clarification in judicial practice.

The case was chosen by the SPCIPC for its exploratory application of law in solving novel matters that emerged in the early stage of the regime.

Background and development of the case

The Eldecalcitol Soft Capsule is a drug developed by Japanese drug maker Chugai Pharmaceutical (Chugai) to treat osteoporosis. Chugai owns patent No. 200580009877.6, titled 'ED-71 Preparation' (the patent at issue), and has registered the aforesaid drug and patent on the Chinese Marketed Drug Patent Information Registration Platform.

Wenzhou Haihe Pharmaceutical (Haihe) applied to the National Medical Products Administration (NMPA) for the marketing approval of a generic version of the aforementioned original drug and made a statement asserting that its generic drug does not fall within the protection scope of a relevant patent.

Chugai filed a lawsuit with the Beijing Intellectual Property Court (BIPC) asserting that the technical solution of Haihe's generic falls within the protection scope of the patent at issue. On April 15 2022, the BIPC rendered a decision finding that the technical solution of the generic was neither identical nor equivalent to the technical solutions of claims 1–6 of the patent at issue. The BIPC thus concluded that the generic did not fall within the protection scope of the patent at issue and dismissed the claims of Chugai.

Chugai filed an appeal before the SPCIPC, which upheld the first-instance decision on August 5 2022.

Analysis of the decision

One of the focuses of this case is the specific type of antioxidant excipients used in the generic drug application. Chugai asserted that the medicinal excipient actually used in the formulation of the generic drug, of

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Xiaohui's experience as the R&D project director at a local pharmaceutical company has equipped her with better understanding and anticipation of the needs of the firm's biopharma clients in respect of patent prosecution, enforcement and dispute resolution.

Xiaohui was one of the lead counsels that helped a pharmaceutical multinational corporation to enforce its invention patents against infringers offering to sell products exploiting the client's patents in two cases, which was selected as one of the National Ten Exemplary Patent Administrative Enforcement Cases in 2019 and 2018 by the China National Intellectual Property Administration.

which Haihe applied for registration, is dl-⊠-tocopherol, as claimed in the patent at issue. Haihe intentionally replaced dl-⊠-tocopherol in its drug registration application to evade infringement.

The SPCIPC held that for chemical generic drugs, the NMPA will conduct its drug marketing review and approval process on the basis of the application materials submitted by the generic drug applicant and shall decide within the specified period whether to suspend the marketing approval of the said drug, based on a legally effective court decision settling such disputes.

In principle, comparison shall be made between the application material filed by the generic drug applicant and the claims of the patent at issue to determine whether the technical solution of the former falls within the protection scope of the latter. The applicant shall be held liable in the event of any discrepancy between the technical solution actually implemented by the generic drug applicant and that cited in the application material.

The patentee or stakeholder may initiate a standalone patent infringement suit should they believe that the technical solution actually implemented by the generic drug applicant constitutes infringement.

Therefore, the SPCIPC affirmed that as far as a drug patent linkage suit is concerned, it is not within the court's remit to ascertain whether the technical solution actually implemented by the generic drug applicant is identical to that filed in the application material.

The SPCIPC also dismissed Chugai's evidence retrieval requests, based on the reasoning that the technical solution of the generic drug should be based on the application material, rather than the technical solution actually implemented by the generic drug applicant. The court concluded that the evidence is sufficient to prove the antioxidant excipient used in the generic drug and there is no need to retrieve other information from the NMPA application.

The significance of the case

A drug patent linkage suit addresses the issue surrounding whether the technical solution of a generic drug falls within the protection scope of the patent at issue. It is fundamentally different from a traditional patent infringement suit which addresses whether the actual production, use and other acts are infringing.

Article 3.2 of the Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases involving Patent Disputes Related to Drugs Applied for Registration prescribes that the applicant for drug marketing approval shall submit to the people's court, within the period for filing a defence in the first instance, duplicates of necessary technical materials relevant to the determination of whether the generic drug falls within the protection scope of relevant patents that have been filed before the NMPA. It means that:

- Generic drug applicants are obligated to file the technical solution of the generic drugs and there will be consequences in the event of non-compliance; and
- Generic drug applicants bear limited burden of proof.

Where the original drug maker (the patentee) has doubts over the assertions of the generic drug applicant and believes that the materials filed fail to reflect the actual technical solution of the generic, the patentee needs to provide counter-evidence to corroborate reasonable doubt; otherwise, it shall bear adverse consequences.

Patent linkage litigation is closely intertwined with the generic drug marketing approval process. In practice, it could be quite challenging for original and generic drug makers with regard to the selection of convincing evidence in the marketing approval process. This case is of guiding significance in terms of analysing the rules of proof in similar cases.

AFRICA

Zambian update: trademark law modernisation and Monster Energy's case falls flat

Spoor & Fisher

Duncan Maguire

Zambian trademark law is being modernised, and draft new legislation has been published. This is long overdue – the present legislation, the Trade Marks Act Chapter 401 (the TMA), dates all the way back to 1958. But for now the TMA continues to apply.

Recent case law

A trademark judgment, *Swiss Bake Limited v Monster Energy Company*, in January 2023 deals with well-known marks. A Zambian company, Swiss Bake Limited (Swiss Bake), applied to register the trademark 'Amazon Monsta Creams' in Class 30 for biscuits. A US company, Monster Energy Company (Monster Energy), opposed the application.

The opposition was based on earlier Zambian registrations for marks incorporating the word "Monster" (such as 'Monster Rehab') in classes 5, 30 and 32. It was also based on the claim that the mark 'Monster' is a well-known mark under Article 6 bis of the Paris Convention for the Protection of Industrial Property (the Paris Convention).

Monster Energy relied on significant worldwide use of its marks over a period of some 20 years. It submitted evidence of sports sponsorships in Formula One and the UFC (mixed martial arts). Monster Energy claimed that there would be consumer confusion and that the application for 'Amazon Monsta Creams' had been filed in bad faith.

Judgment

The hearing officer found for Swiss Bake, saying that there was no likelihood of confusion. One consideration was that Article 6 bis of the Paris Convention has not been adopted in Zambian law. Another was that UK judgments say that similarity or dissimilarity cannot be determined solely by class. Relevant considerations include:

- The nature of the goods;
- The uses and users of the goods;
- The extent to which the goods are competitive; and
- The trade channels used.*

The hearing officer held that confections and biscuits are not similar to nutritional supplements in liquid form, or non-alcoholic beverages such as tea, because the goods do not have the same physical nature (one is solid, the other liquid), they do not compete, and they are not found on the same shelves in stores.

**Jellineks' Application 63 RPC 59 and* British Sugar Plc v James Robertsons & Sons Ltd (1996) RPC 281.

CHINA

Measures for the standard contract for outbound transfer of personal information

Tahota

Charles Feng (pictured), Lian Xue and Yifan Lu

On February 24 2023, the Cyberspace Administration of China (CAC) published the Measures for the Standard Contract for Outbound Transfer of Personal Information (the Measures). It also published its annexes of Standard Contract for Outbound Transfer of Personal Information (Standard Contract), which will be implemented from June 1 2023. The Measures were issued after the issuance of the Security Assessment Measures for Outbound Data Transfers in September 2022. The Measures, along with a security assessment and personal information protection certification, will be one of the three major approaches for the outbound transfer of personal information.

In comparison to the other two routes, the Standard Contract for personal information is widely regarded as having certain advantages. These include lower costs and an easier operation, with high reference and application value for enterprises with cross-border personal information transfers. In conjunction with the new Measures and the Standard Contract, there are the following key points that enterprises need to focus on in their compliance work for cross-border personal information transfer.

Salient features of the Standard Contract

Strict format contract

In comparison to previous drafts of the Measures and Standard Contract for public comments, the official version of the Standard Contract further restricted the autonomy of will. The domestic personal information processor and the overseas recipient must sign and perform in strict accordance with the terms provided by the CAC. In addition, only the CAC is authorised to amend and modify the Standard Contract. The Standard Contract of the Measures is complete and specific, covering various aspects including:

- Basic information;
- Obligations of personal information processors and overseas recipients;
- Rights and obligations of subjects of personal information;
- The relationship between laws and regulations of the receiving place and the performance of the Standard Contract; and
- Remedies and liabilities for breach of contract.

In addition, the Measures clearly stipulate that enterprises must not make additional agreements or any other forms of documents that conflict with the terms of the Standard Contract.

The local insights section in Managing IP comprises updates contributed by firms on a jurisdictional basis. These updates are sponsored by each correspondent, and all the contact details are listed on the last page. Please contact the firms directly with any queries arising from these articles.

Recordation of the Standard Contract

According to the Measures, personal information processors are required to file a recordal of the Standard Contract with their local cyberspace administration within 10 working days from the effective date of the Standard Contract. Compared to the security assessment, the application of the Standard Contract is ampler in terms of preparation time and simpler in terms of administrative procedures. For enterprises that meet the requirements of the Standard Contract, such a path is undoubtedly more convenient and flexible, which is an advantage.

Protection of rights of the owner of personal information

The Standard Contract embodies the rights and obligations of three parties, namely: the domestic personal information processor, the overseas recipient and the owner of personal information. The establishment of the Standard Contract between the domestic personal information processor and the overseas recipient as the contracting parties will have a direct impact on the rights of the owner of personal information. The Standard Contract provides the owner of personal information as:

- A beneficiary, and
- Authorised to sue the personal information processor and the overseas recipient directly.

The Standard Contract also facilitates litigation and remedies for the owner of personal information through joint and several liability clauses if infringement occurs.

Transferring via Standard Contract

According to Article 4 of the Measures for the Standard Contract for Outbound Transfer of Personal Information (the Measures), any personal information processor transferring personal information overseas by entering into the Standard Contract shall meet all of the following conditions:

- It is not a critical information infrastructure operator;
- It processes the personal information of less than one million individuals;
- It has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and
- It has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

In contrast to the Security Assessment Measures for Outbound Data Transfer, the Cyberspace Administration of China (CAC) has clearly delineated the application of the two mechanisms. This is in terms of the specific identity of the data processor and the level of personal information processed. This provides a clear reference for enterprises to determine the path they need to follow based on their own identity and the specific circumstances of their cross-border data transfer.

The Standard Contract may apply more to small scaled personal information processors, rather than operators of critical information facilities that have a much larger impact on public interest. For personal information processors that may fall under the Security Assessment Measures for Outbound Data Transfers, they should submit the security assessment application to the cyberspace administration in accordance with the law. They are not allowed to take the approach of the Standard Contract, and split the amount of information and transfer them in multiple times.

The Measures will apply to the transfer of personal information of employees between the headquarters and branches of multinational companies inside and outside China, as well as the transfer via third party Chinese service providers.

Establishing a Standard Contract

If the cross-border personal information transfer of an enterprise falls within the scope of the Standard Contract under the Measures, the general process to enter a Standard Contract is as follows:

- Conduct a personal information protection impact assessment;
- Conclude the contract in accordance with the Standard Contract;
- File a recordal to the provincial cyberspace administration;
- Submit materials including Standard Contract and result of personal information protection impact assessment; and
- Receive feedback from the cyberspace administration on possible supplementation or re-establishment of Standard Contracts or completion of recordals.

"The Measures are widely regarded as an important regulation for cross-border personal information transfer."

Impact assessment for Personal Information Protection

The Measure requires that the operator conducts an Assessment of Impact against Personal Information Protection before conducting the cross-border transfer. The factors that shall be evaluated include the following:

- The legality and necessity of the purpose, scope and method of the personal information processing by the personal information processor and the overseas recipient;
- The volume, scope, category,

and sensitivity of personal information to be transferred abroad, and the risks to the personal information rights and interests that may be caused by the cross-border transfer;

- Obligations that the overseas recipient promises to undertake, and whether the management, technical measures and capabilities of the overseas recipient to perform the obligations can ensure the security of the personal information to be transferred;
- The risk of tampering, damage, leakage, loss and abuse of personal information after its transfer, and whether the channels for individuals to exercise their personal information rights and interests are accessible;
- The impact of policies and regulations for the protection of personal information and performance of the Standard Contract in the jurisdiction where the overseas recipient is located; and
- Other factors that may affect the security of cross-border personal information transfer.

Application of the Standard Contract

Enterprises shall enter into the contracts for cross-border personal information transfer strictly in accordance with the Standard Contract provided in the annex to the Measures. This stipulates that the personal information processor may agree with other terms with the overseas recipient, provided they do not conflict with the Standard Contract.

Besides, if the Standard Contract conflicts with other legal documents agreed by the parties, the terms of the Standard Contract shall prevail. Therefore, data processors need to pay attention to the relevant overseas legislations and regulations as well as the contracts previously agreed with overseas recipients for any conflicts.

If the circumstances specified in Article 8 of the Measures change during the performance of the Standard Contract, the processor is required to re-conduct the assessment of impact of personal information protection. They may then supplement or re-conclude the Standard Contract and re-file the recordal to the cyberspace administration.

Important time points

Within 10 working days from the effective date of the Standard Contract, processors shall file a recordal with the cyberspace administration where they are located.

Final thoughts

The Measures are widely regarded as an important regulation for cross-border personal information transfer, which significantly strengthen the protection of personal information. The Standard Contract system will also be helpful to unify the application of national standards with different administrative organs.

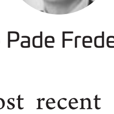
During the preparatory period from now on, processors of cross-border personal information transfers may want to develop corresponding compliance systems. They may also want to complete the assessment and rectification, as well as the recordation, to ensure that their business continues to run smoothly and prevent risks and avoid information security incidents.

Tahota would like to thank Jing-mei Luo for their contribution to the article.

EPO

EPO Enlarged Board of Appeal addresses the notion of plausibility

Inspicos P/S



Jakob Pade Frederiksen

In its most recent decision, G 2/21 of March 23 2023, the Enlarged Board of Appeal of the EPO considered fundamental questions in relation to the assessment of non-obviousness, notably on the principle of free evaluation of evidence and the notion of plausibility.

For the assessment of non-obviousness, the EPO generally applies the so-called problem-solution approach, in the context of which the technical effect brought about by the decisive novel feature(s) of the claim in question is to be defined. Often, when arguing in support of an inventive step, applicants for, or proprietors of, European patents attempt to rely on a technical effect which is not disclosed in the application as filed, but which may be apparent on the basis of post-published evidence; i.e., evidence published after the filing date.

According to the Enlarged Board of Appeal, such evidence may not be disregarded for the sole reason that it was not available to the public before the filing date. However, the Enlarged Board of Appeal expressed in its decision that it is decisive what the skilled person would understand at the filing date from the application as being the technical teaching of the claimed invention. Furthermore, the technical effect relied upon in relation to non-obviousness must be encompassed by that technical teaching.

Thus, according to the Enlarged Board of Appeal, evidence filed to prove a technical effect of the claimed subject matter may not be disregarded solely on the ground that such evidence had not been public before the filing date and was filed after that date. Also, a patent applicant or proprietor may rely upon a technical effect for an inventive step if the skilled person, having the common general knowledge in mind and based on the application as originally filed, would derive said effect as being encompassed by the technical teaching and embodied by the same originally disclosed invention.

G 2/21 underlines the necessity for applicants to include a discussion of the technical effects of the invention, and possibly data supporting such effects, in their applications from the outset.

GERMANY

Decision on cease-and-desist declarations according to the 'Hamburg custom'

Maiwald

Christian Meyer

In its judgment of December 1 2022 (Case No. I ZR 144/21), the German Federal Court of Justice (FCJ) clarified several important points. Firstly, that the delivery of a cease-and-desist declaration with a penalty clause can also be made after a second infringement by means of a contractual penalty promise in accordance with the so-called Hamburg custom. Secondly, that receipt alone of a cease-and-desist declaration with a penalty clause does not lead to the cessation of the danger of a repetition if the plaintiff declines to accept it.

Background

Through an informal warning letter, the offending party in disputes relating to industrial property rights is given an opportunity to avoid legal proceedings by signing a so-called cease-and-desist declaration, which eliminates the danger of a repeat of an infringement that is required in order for a claim for injunctive relief to succeed.

However, the promise to cease and desist can only eliminate the danger of a repeat of the infringement if it is subject to contractual penalties. This can be agreed by means of a fixed amount (a so-called fixed contractual penalty) or in such a way that in the event of a breach, the plaintiff determines the amount of the contractual penalty using their reasonable discretion (the Hamburg custom).

Under previous practice, it was assumed that a breach of an existing cease-and-desist declaration establishes a new danger of a repetition, which can generally only be eliminated by providing a further cease-and-desist declaration containing a significantly higher contractual penalty promise than the first declaration. Up to now, it has been a matter of dispute as to whether a cease-and-desist declaration in accordance with the Hamburg custom satisfies the requirements of a significantly higher penalty (rejecting, for example, the Higher Regional Court of Cologne's judgment of July 11 2013, Case No. 14 O 61/13).

Furthermore, according to earlier case law of the FCJ, receipt of a cease-and-desist declaration with a penalty clause alone also led to the cessation of the danger of repetition if the plaintiff refused to accept it from the defendant (for example, FCJ judgment of May 31 1990, file No. I ZR 285/88). The Senate no longer adheres to this case law.

Facts

In the case in question, which concerned a trademark dispute about car door lights, the defendant, after receiving a warning letter from the plaintiff, initially provided a cease-and-desist declaration according to the Hamburg custom – i.e., without a fixed contractual penalty – which was accepted by the plaintiff.

Three years later, after the plaintiff discovered that the defendant was again marketing such products, it issued a further warning to the defendant. The defendant then signed another cease-and-desist declaration in accordance with the Hamburg custom, which was rejected by the plaintiff because in its view it was not suitable to eliminate the renewed danger of a repeat of the infringement due to the lack of a fixed contractual penalty. The plaintiff therefore pursued its claim for injunctive relief in court.

Decision

In a departure from its previous case law, the FCJ clarified on the one hand that in order for the danger of a repetition to be eliminated, a cease-and-desist declaration containing a penalty clause is only sufficient if it manifests a serious intention to cease and desist. For this to be the case, the cease-and-desist declaration with a penalty clause must be binding until it is accepted or rejected by the plaintiff, so that the latter can accept it at any time and thus establish the contractual penalty obligation. Only then is the necessary deterrent effect achieved, which justifies the cessation of the danger of a repetition already at the time of receipt of the cease-and-desist declaration with a penalty clause.

In the present case, however, the FCJ ultimately rejected the notion that the danger of a repetition ceased to exist, as the plaintiff refused to accept the cease-and-desist declaration from the defendant.

On the other hand, even in the case of repeated infringement, a further cease-and-desist declaration according to the Hamburg custom is sufficient for the risk of repetition to cease. According to the FCJ, the unlimited right of determination hereby established gives the plaintiff the decisive advantage in serious cases of infringement of being able to determine a contractual penalty of an amount that may be considerably higher than that which would have been appropriate for an agreement on a fixed amount regarding the previously committed act of infringement.

Therefore, the higher penalty required for a repeat offence was also inherent in a contractual penalty promise according to the Hamburg custom. In the case of a repeat offence, the Hamburg custom would have the necessary deterrent effect on the defendant because of the impossibility to predict the amount of the penalty.

Implications

The dispute about whether a contractual penalty promise according to the Hamburg custom requires a fixed contractual penalty in the event of a repetition is clarified by the above ruling. This will probably appear advantageous from the defendant's point of view, as a fixed contractual penalty is no longer required, even in the event of a breach of a cease-and-desist declaration. However, this ultimately makes the cessation of the danger of repetition dependent on a decision made solely by the plaintiff.

GREECE

Preliminary injunction based on a combination product SPC is denied by Athens court

Gün + Partners

Constantinos Kilimiris

A recent decision by the Athens First Instance Single Member Court, hearing a request for a preliminary injunction (PI) based on a supplementary protection certificate (SPC) for a pharmaceutical product combining two active ingredients, seems to overturn national case law on the interpretation of Article 3 (c) of the SPC Regulation.

Case background and ruling

The PI application was filed by an originator company alleging infringement of its combination SPC by a generic company attempting to launch its product at risk.

The defence of the generic company was to challenge the validity of the combination SPC. The generic company alleged that:

- The SPC was granted in violation of Article 3 (c) of the SPC Regulation as another SPC had already been granted for the first active ingredient of the marketed combination; and
- The basic patent could not be interpreted as disclosing the active ingredients' combination as a separate, independent invention.

While the reasoning of the decision is not very clear, it seems that the Athens court based its decision on Court of Justice of the European Union (CJEU) case law, C-443/12 and C-577/13, looking into whether the combination of active ingredients could be regarded as an independent invention of the basic patent. It ruled that this is not the case and, accordingly, that an SPC had already been granted for the same invention. Thus, the combination SPC was granted in violation of Article 3 (c) of the SPC Regulation and was invalid.

Analysis of the decision

This decision is contrary to previous case law from the same court, which, in hearing a PI application based on a combination SPC, had found that the grant of a combination SPC had not violated Article 3 (c) of the SPC Regulation as it was sufficient that the combination be expressly mentioned in the claims, without examining whether the combination could be regarded as an independent invention.

While it is true that the national case law on this issue is divergent among EU member states, it also seems that the Greek case law on this matter is far from settled. Given that referrals are pending on the same issue before the CJEU, one should hope for some clarity on how to apply the SPC Regulation in practice as regards combination products.

INDIA

India: moving forward, the GI way!

Remfry & Sagar

Devika Mehra and Devaki Sharma

Geographical indications (GI) are a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. In India, the Geographical Indications of Goods (Registration and Protection) Act, 1999 provides for the registration and protection of geographical indications. Darjeeling tea, an iconic Indian product, was the first to get a registered GI tag in India in 2004. Nearly two decades on, there are over 450 GI registrations in India and more than 90% of these are for local products. This number attests to the rich culture and varied heritage of India, as well as the geographical diversity of its land. It is also a reflection of the strong initiatives launched by the government to promote the awareness and protection of GI amongst stakeholders in the country, post the adoption of India's National IPR Policy in 2016.

From tea to textiles

On March 31, 2023, the GI Registry granted GI certification to 33 new products. This included agricultural products such as the popular 'langda' variety mango from Varanasi, in the State of Uttar Pradesh, and the famed 'wood carving' from the northern territory of Ladakh. In fact, the Indian GI register is populated with a varied mix of agricultural (30%) and handicraft (70%) products. Well-known agricultural products with a GI tag include basmati rice and Kangra tea – the latter recently received GI recognition in the EU as well.

Also on the Register are Indian spices such as Malabar pepper and Alleppey green cardamom, the global popularity of which has spanned centuries. Handicrafts include:

- Popular textiles such as Pochampalli ikat (from Telengana) and Kashmir Pashmina;
- Footwear, such as Kolhapuri chappals from Maharashtra;
- Toys, such as Channapatna toys and dolls from Karnataka;
- Furniture, such as Kashmir walnut wood carvings;
- Paintings, such as the thanjavur painting from Tamil Nadu;
- Decorative items, such as Bastar iron craft from Chhattisgarh, Jaipur blue pottery or wrought iron crafts of Dindori from Madhya Pradesh; and
- Tiles, such as Mangalore tiles, and more recently Athangudi flooring tiles from Tamil Nadu.

Given India's rich heritage, some GI products stem from its history. An interesting example is the registration of the 'Puneri Pagadi' emanating from the western Indian city of Pune. The Puneri Pagadi is a form of headgear or turban which is considered a symbol of pride and honour in Pune. Traditionally, it was the mascot of one of the largest Indian empires, the Maratha Empire. Introduced over two centuries ago, it has been historically worn by many leaders and social reformers of India, including Lokmanya Tilak, and is now used mostly for special occasions such as wedding ceremonies and traditional days in schools and colleges. An association by the name Shree Puneri Pagadi Sangh applied for, and attained, GI status for the headgear in September, 2009.

Programmes and policy

As varied and numerous as the above examples are, they are a mere drop in the ocean. Purportedly, there are over 5000 potential products with geographical significance in India.

To help in optimising protection, serious governmental efforts are on both at the central and state level. Individual states are being encouraged to help their craftsmen and farmers by educating them about GI certifications as well as assisting them with the promotion and sales of GI products. One initiative calls for states to set up a 'unity mall' in the state capital, or the most popular tourist destination in the state, for promoting and selling agricultural produce as well as other GI products and handicrafts of that particular state.

Another measure includes the issuance of GI handbooks showcasing the GI tags of the state, as has already been done in Karnataka and Telangana. There is also emphasis on educational initiatives for the public that will help consumers identify authentic vs. fake products. In fact, an INR 750 million (over $9 million) outlay was sanctioned recently by the government for an awareness program over the next three years to support the promotion of Indian GIs as well as showcasing Indian GI products at several events. These included The India GI Fair slated for July 2023 (following a similar event in 2022) as well as the setting up of GI Pavilions at various conferences and fairs across the country. Looking outwards, the government is showcasing Indian GI products internationally by promoting such products at a diplomatic level in the form of gifts to foreign dignitaries, and adorning protected textiles.

However, awareness and monetary investments will only bear fruit if guided by appropriate policy. Unfortunately, at the moment, there is not enough focus on quality inspection of Indian GI products, which can lead to doubts regarding authenticity. Some products such as Pashmina do use radio frequency identification technology to authenticate origin, however, India can learn a lot from the EU in this regard. In the EU, cooperation between government and competent legal authorities ensures quality checks on all goods before they are sent out into the market. This ensures the authenticity, reputation and quality of GI products, makes them more attractive to consumers, and heightens sales, transferring economic benefits back to the producers.

For the above to be set in motion, establishing regulatory bodies to ensure quality checks at various stages of production of GI products is needed in India. For online sales, the government could set up a digital portal with details of certification bodies accessible to the public. With the EU moving closer to granting GI protection to local crafts and industrial products (currently spirits, wines, agricultural products and foodstuffs are GI certified), which India has in abundance, the quality and packaging of GI tagged goods will prove critical in seeking protection in the EU and entering the common market.

The recently held brainstorming session at the 'GI Manthan' on February 21, 2023 suggests India is on the right track. The meeting brought to the forefront some useful points for consideration – apart from easier GI registration processes and spreading of awareness, discussions also centered on quality control. It is hoped that some of the points raised will be worked on by the government and positive steps taken will benefit consumers and producers alike.

Final thoughts

As the Indian GI Registry's website states, GI tags reflect the combination of the best of nature and man. Skills traditionally handed over from one generation to the next for centuries have gradually led to the emergence of a specific link between certain goods and their place of production. And the quality and reputation of the goods has been carefully built up and painstakingly maintained by the masters of that region.

Not only is it critical to protect GI goods to ensure that traditional knowledge and knowhow is preserved for the good of the community, GI tags also provide the added advantage of being a differentiating element in crowded marketplaces. Goods with a GI tag carry powerful assurances of quality and good practices which make them elite products in their category, with tremendous potential in domestic and export markets alike. Given India's natural advantage in this sector, it is very encouraging to see the efforts being made by the government and stakeholders alike to pivot Indian GI products into the spotlight – not just in India but globally.

INDIA

India attempts to reel in influencer marketing

RNA Technology and IP Attorneys

Ranjan Narula and Abhishek Nangia

Businesses, particularly fast-moving consumer goods companies, are rapidly embracing the digital world and employing digital tools to promote their products and communicate directly with their target audience. Digital marketing and internet usage have risen sharply since the outbreak of COVID, and a new type of brand ambassador known as an 'influencer' has emerged.

Influencer marketing is one of the fastest-growing industries in India and across the world, and is estimated to be a $16.4 billion industry globally. The trend is gaining traction in India. India's influencer marketing industry is forecast to increase at a current annual growth rate of 25% to reach INR 22 billion (approximately $265 million) by 2025, according to the Influencer Marketing Report 2022 released by Influencer.in, an influencer marketing platform.

In the interconnected world where social media in general is actively consumed and has become central to consumer-buying behaviour, the two platforms that stand out are Instagram, as the most preferred platform for influencer marketing, and YouTube. The platforms have a combined market share of more than 50%.

Short-form video content is popular with influencers, in the form of Reels (on Instagram) and YouTube Shorts. It is estimated that 6 million Reels per day are uploaded in India. Companies are increasing their marketing spends on influencer marketing and frequently prefer to use influencers to promote their business. It is widely acknowledged that people often look for recommendations and/or reviews before making a purchase and the statements made by an influencer are more likely to be accepted by consumers if the influencer is considered an expert in the domain in question.

Influencer marketing is growing exponentially; however, certain challenges remain. Influencer-based advertising is facing issues ranging from misleading claims made in advertisements by influencers to the violation of intellectual property rights and product disparagement. This can lead to the erosion of goodwill and reputation, and a loss of consumer confidence, and have a serious impact on a business. At the same time, a heavy-handed approach by a brand owner to curb any discussion and comments from influencers on the brand's attributes can bring bad PR.

The two instances discussed below show how managing influencers and the social media landscape can be challenging.

The Bournvita case

In April 2023, a social media influencer, Revant Himatsingka, with more than 180,000 followers on his Instagram handle, Food Pharmer, posted a video criticising the Cadbury's health drink brand Bournvita, which is available in the Indian market and has been consumed by children for several decades.

The video alleged that Bournvita contains ingredients which are carcinogenic and reduce immunity, and has a sugar content above the prescribed limit. The video generated 12 million views on Instagram and was widely shared on social media platforms (including LinkedIn and Twitter), even by prominent Indian celebrities. The video triggered a massive debate as to whether Bournvita, which is marketed as a health drink for children, is safe for consumption.

The upheaval prompted Cadbury to issue a clarification on the nutritional content of, and ingredients in, Bournvita. Mondelez, the owner of the Bournvita brand, also addressed a legal notice (on April 13 2023) to the social media influencer objecting to the false claims made by him in the video. Mr. Himatsingka agreed to take down the video immediately after being served with a legal notice and apologised to Cadbury.

The action taken by Cadbury evoked mixed reactions. On one hand, some people praised Cadbury's initiative to stop the further spread of a video containing distorted facts, while some were of the view that Cadbury's approach of adopting the legal route was taken to silence an influencer who made a public health safety video.

Marico takes action against Bearded Chokra

In another instance, a video published by an influencer has also been caught in a legal battle. In the case of *Marico Limited v Abhijeet Bhansali* before the Bombay High Court, Marico filed a suit alleging that the statements made in a video published by Abhijeet Bhansali, a vlogger on the YouTube channel Bearded Chokra (man with beard), are false and requested an injunction against the influencer publishing or broadcasting the video, which disparages Marico's well-known Parachute coconut oil product.

The single judge ruled in favour of Marico and observed that:

- The statements made in the video were false and published maliciously without proper analysis; and
- The video uploaded on YouTube is disparaging in nature and directed its removal.

Aggrieved by the injunction order passed in favour of Marico, Mr. Bhansali filed an appeal before the two-judge bench of the Bombay High Court (the Division Bench). Through an order dated February 14 2020, the court stayed the operation of an injunction order dated January 15 2020 that was granted in favour of Marico and held that mere expressions of facts cannot be considered as defamation or disparagement, provided that the facts asserted are substantiated. The court observed that considering Marico claimed its oil as virgin coconut oil and it is extracted from copra, the dried white flesh of the coconut, using an expeller-pressed process resulting in the yellowish tint and a strong odour, this amounted to admission and acceptance of the statements made in the video issued by the appellant.

The advertising watchdog steps in

Noticing this growing trend of influencer advertising, and to protect consumers from tall claims being made in endorsements or a message being put across in such a manner that a consumer would not know that it has a commercial intent, the Advertising Standards Council of India and the Indian government have issued comprehensive guidelines to regulate influencer advertising through digital media. The guidelines, which stipulate that brand owners must explicitly declare and issue a disclaimer that the influencer was paid for the endorsement, provide for a penalty of up to INR 5 million that can be imposed on influencers for non-compliance.

Influencer marketing is here to stay, and the balance between the rights of brand owners and those of consumers must be clearly delineated for continued growth in this space.

"The rights of brand owners and those of consumers must be clearly delineated for continued growth in this space."

MEXICO

The importance of border measures to fight counterfeiting in Mexico

OLIVARES

Jose Carlos Ramirez

Border measures are a fundamental legal instrument to fight piracy and/or counterfeiting since they allow counterfeit products to be seized before they enter the country and into circulation within the Mexican market.

Such border measures can be implemented through criminal proceedings with the filing of a criminal complaint before the Attorney General's Office or through administrative proceedings with the application of measures before the Mexican Institute of Industrial Property, which, in coordination with the National Customs Agency of Mexico and conditional upon compliance with every requirement established by the applicable laws of Mexico, suspend the free circulation of the imported goods.

One of the great challenges faced in these actions is the short period of three days in which the holders of IP rights have to detect and begin actions against piracy before the concerned products continue with the importation process.

For this reason, and to continue strengthening this system to fight counterfeiting in Mexican customs, there must be effective communication between the authorities and IP rights holders, allowing early identification of this type of merchandise to facilitate its seizure.

This will be achieved by the rights holders and the authorities increasing and implementing regular training and working groups so that they can correctly and quickly identify goods in relation to IP rights, activities that Olivares carries out constantly.

MYANMAR

New era of IP protection begins in Myanmar as Trademark Law takes full effect

Gün + Partners

Yuwadee Thean-ngarm,
Sher Hann Chua
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Myanmar's long-awaited first-to-file trademark registration system came into full effect on April 26 2023, with the 'grand opening' of the country's Intellectual Property Department (IPD). This followed the issuance of the Trademark Rules and other related notifications at the beginning of April, in conjunction with the Trademark Law coming into force.

Full enforcement of this law is a milestone in Myanmar's long quest to establish a functioning, modern framework for trademarks in particular and for IP in general. The Trademark Law was passed in 2019 as part of a suite of laws meant to modernise the country's treatment of IP rights. Previously, IP rights holders in Myanmar relied on outdated systems based largely on laws from the colonial period under British rule.

For example, brand owners could achieve some measure of protection through establishing use in the country and recording their marks with the Office of Registration of Deeds (ORD). However, these protections were limited and did not provide the same level of security and legal recourse as a comprehensive trademark registration system. Without a proper system in place, businesses were vulnerable to infringement and counterfeiting, which could be detrimental to their reputation and bottom line.

The new Trademark Law will provide much-needed protection to brand owners and encourage innovation and investment in Myanmar, bringing the country in line with other Southeast Asian nations that have already implemented modern IP laws and systems, such as Thailand and Vietnam.

Features of the Trademark Law

In addition to the increased protection and streamlined filing procedures, the Trademark Law offers a range of other salient features:

- Administration – the core government ministry administering the new Trademark Law is the Ministry of Commerce. Four other ministries – the Ministry of Information, the Ministry of

Industry, the Ministry of Agriculture, Livestock and Irrigation, and the Ministry of Education – are named as having supervisory roles.

- Requirement to refile – if trademark owners that previously recorded their marks with the ORD, or did not record their marks but can provide evidence of actual use in Myanmar, want to enjoy rights relating to their marks, they must apply for registration in accordance with the new law.
- Opposition – oppositions are allowed for the first 60 days from the date of publication. Oppositions can rely on relative grounds of refusal (for example, identical or similar to existing marks, unauthorised applications and bad faith).
- Appeal – registry appeals can be filed within 60 days of the decision date. Further appeals can be filed with the court within 90 days of receipt of the registry's decision.
- Invalidation – invalidation actions can be lodged against registered marks. A limitation period of five years from the registration date applies, unless the claimant is relying on bad-faith claims.
- Non-use cancellation – if a registered trademark has not been used for three continuous years, it may become vulnerable to a cancellation action.
- Mediation – the availability of mediation procedures remains unclear. However, if one or more parties apply to register identical or similar marks on the same day, or for the same priority date, the registration officer will instruct all applicants to negotiate among themselves to determine the name of the applicant for the mark and to resubmit within a specified period.
- Geographical identifications – geographical identification rights can be applied for by (i) persons who produce goods from natural products or resources, (ii) producers of agricultural products, (iii) producers of handicraft or industrial products, and (iv) responsible persons from government departments and organisations representing the persons described in the previous three categories. The term of protection will be extended provided the special characteristics, qualities or reputation for which the geographical indication has been allowed protection continue to exist.
- Licences – trademark licences must be recorded.
- Trade names – trade name protection is available as part of a trademark or separately and will be protected with or without registration. There is no mandatory requirement for registration.
- Infringement – civil and criminal actions are available to address infringement. Criminal penalties include up to 10 years' imprisonment and a fine of up to MMK 10 million (approximately $4,740).

Next steps

The grand opening means that marks filed during the IPD's 'soft opening' period, and for which all fees have been fully paid, will be officially accorded the first filing date on the date of the IPD's grand opening. This marks a significant change under the Trademark Law's new first-to-file system, and mark owners that submitted marks during the soft opening period had to pay the official filing fees before April 26 to secure the earliest possible filing date (i.e., April 26, 2023).

Mark owners also need to submit a notarised Appointment of Representative form – a newly introduced form that is different from a power of attorney – to the IPD to enable their trademark representative in Myanmar to carry out this step.

With the trademark system coming into full effect with the IPD's grand opening, mark owners will be able to file registration applications for new marks, which was not permitted during the soft opening period. To expedite this process, mark owners should start preparing all necessary documents for filing their new trademark applications.

This is a significant development for Myanmar, as the country has previously lacked a robust system of IP protection. The new Trademark Law is a strong affirmation of Myanmar's commitment to creating a modern, market-oriented economy that can attract foreign investment and promote economic growth.

SOUTH KOREA

Design rights granted while claiming the Korean novelty grace period have full-scope enforceability

Hanol IP & Law

Min Son

The Supreme Court of Korea ruled on an interesting design case on February 23 2023 (Supreme Court Decision 2021Hu10473).

In Korea, the grace period for novelty of a design application is 12 months, like in a patent application. However, unlike in patent cases, this claim can also be made at a later stage, such as during an invalidation trial.

Thus, sometimes when an invalidation action is brought together with an infringement action (or with a confirmation-of-scope trial which seeks a declaratory judgment regarding the scope of a granted design), the outcome of the action in its entirety can be reversed at the last minute.

Background

In the above case, before filing a design application, the applicant disclosed the design by sending photos to an online sales distributor that had no obligation to maintain confidentiality. The design application was granted after substantive examination. No prior art was discovered during the examination, nor did the applicant claim the grace period until registration.

Later, the applicant (now the design right holder) identified a potential infringer and filed a confirmation-of-scope trial with KIPO seeking a decision that this potential infringer's design belongs to the scope of his registered design.

A twist in the case

In the trial, the defendant argued that because his design had already been publicly disclosed, he had not infringed the plaintiff's design right and his product lay beyond the scope of the registered design. This kind of 'practising a prior art design' defence is accepted in Korean infringement courts and similarly in confirmation-of-scope trial courts. Having succeeded in this defence, the defendant prevailed at the trial court (July 14 2020) and the appeal patent court (May 7 2021).

However, after the defendant prevailed at the confirmation-of-scope trial, he filed a separate invalidation trial against the registered design arguing a lack of novelty based on the same disclosed design (September 8 2020).

Here, a surprising twist occurred: the design right holder claimed the novelty grace period at the invalidation trial. In Korea, it is possible to claim the novelty grace period during an invalidation trial but not in a confirmation-of-scope trial. After review, the trial board accepted his grace period claim, and, as a result, the invalidation request was denied (February 25 2022). At the time, the confirmation-of-scope case was pending at the Supreme Court, where the design right holder appealed.

After the design right survived the invalidation trial, the Supreme Court denied the potential infringer's 'practising a prior art design' defence at the confirmation-of-scope litigation, reasoning that by legitimately claiming the novelty grace period, the design had not lost its novelty. The potential infringer lost and the court stated that its ruling was well suited in balancing the right holder's interest with the public interest.

Key takeaways

In Korea, applicants and right holders can claim the novelty grace period in design cases during prosecution or even after the design's registration when responding to an invalidation action or opposition, which can sometimes be a game changer in a case such as the above.

Another item of note in connection with this issue, and a very useful tip, is that there is a gap between the novelty grace period (one year) and the priority claiming date (six months) in Korea. Design applications can claim priority if the first application was made within six months. Even if an applicant misses the deadline and the design was disclosed or already on the market, it may be possible to obtain a design right by claiming the novelty grace period instead. One should know, however, that if the design application or the registered design was published in another country, it is not possible to claim such novelty grace period.

In a sense, it may not be desirable in terms of system stability that the procurement or enforceability of design rights depends on the timing of claiming novelty. This problem is well noted, and discussion is under way to relax the requirements for claiming the novelty grace period in Korea.

TAIWAN

Taiwan changes the threshold to establish a claim of dilution of a trademark

Saint Island International Patent & Law Offices

Amanda Y S Liu

According to Article 30.1.11 of Taiwan's Trademark Act, a trademark shall not be registered if it is identical or similar to a well-known trademark or emblem and thus likely to engender confusion among the public or dilute the distinctive character or reputation of the well-known trademark.

On March 17 2023, the Grand Chamber of Taiwan's Supreme Administrative Court rendered a ruling that established a unanimous legal interpretation regarding the definition of a "well-known trademark" as referred to in Article 30.1.11 of the Trademark Act. To be more specific, it denotes a trademark that is widely known to the relevant businesses or consumers, as proved by objective evidence.

This interpretation has changed the long-standing practice requiring that a well-known trademark as referred to in Article 30.1.11 of the Trademark Act must reach the level of awareness of the public at large to risk diluting the distinctive character or reputation of a well-known trademark.

Background

On May 3 2017, an applicant, Anna Bella Van Lente, applied for registration of the 'Giovanni Valentino' trademark in respect of several goods in Class 24, including fabrics, thin silk, and textile tapestries. The trademark was approved for registration after examination by the Taiwan Intellectual Property Office. Nevertheless, an Italian company, LVMH, filed an opposition against registration of the 'Giovanni Valentino' trademark.

LVMH claimed – on the basis of the well-known trademarks 'Valentino', 'Valentino and design', and 'Valentino Garavani and design' – that allowing registration of the opposed trademark was in violation of Article 30.1.11 of the Trademark Act, which prohibits registration of a trademark that is identical or confusingly similar to a well-known trademark and would thereby dilute the distinctive character or reputation of the well-known trademark.

The opposition was dismissed by the Taiwan Intellectual Property Office. After the Board of Patent Appeals and Interferences and the Intellectual Property and Commercial Court upheld the office's decision, LVMH filed an appeal with the Supreme Administrative Court, the last legal resort.

"Should the trademark be 'known to the public at large', or does 'general awareness of relevant consumers' suffice?"

During a hearing, the panel members of the Supreme Administrative Court had divided opinions regarding the standard for the level of awareness of a well-known trademark as referred to in Article 30.1.11. Should the trademark be "known to the public at large", or does "general awareness of relevant consumers" suffice? The disagreement of the legal opinions was thus brought to the Grand Chamber of the Supreme Administrative Court for a resolution.

The interpretation of the Grand Chamber

The Grand Chamber of the Supreme Administrative Court made the following interpretations:

1) According to the *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* published by WIPO in September 1999, whether the reputation of a trademark should reach the level of 'public at large' awareness or 'relevant consumers' awareness, thus possibly causing dilution of its reputation, shall be determined by individual member countries.
2) The reference in Article 30.1.11 that "a trademark shall not be registered if it is the same as or similar to a well-known trademark or emblem of another" is also a prerequisite for dilution of a well-known trademark. Accordingly, the "well-known trademark" referred to in the former and latter parts of Article 30.1.11 of the Trademark Act should have the same definition.
3) According to Article 31 of the Implementation Rules of the Trademark Act, "reputation" means having objective evidence to prove that a trademark is widely known to the relevant industries or consumers. The definition of a well-known trademark referred to in the former or latter parts of Article 30.1.11 of the Trademark Act should not be at variance.
4) According to Section 3.2 of the Criteria for Examination of Protection of Well-known Trademarks under Article 30.1.11 of the Trademark Act, it is not necessary for the reputation of a well-known trademark to reach a higher level of awareness; i.e., a level of awareness in the public at large as referred to in the latter part of Article 30.1.11 of the Trademark Act. In other words, to reach the level of 'relevant consumers' awareness suffices.

Based on the above, a well-known trademark as referred to in the latter part of Article 30.1.11 of the Trademark Act regarding the risk of dilution of the distinctive character or reputation of a well-known trademark means that a trademark has proved by objective evidence that it is widely known to the relevant industries or consumers; i.e., without the need to reach the higher level of the awareness of the public at large.

Impact of the ruling

The aforementioned unanimous legal interpretation by the Grand Chamber of the Supreme Administrative Court has changed the long-standing practice. Thus, a well-known trademark as referred to in Article 30.1.11 of the Trademark Act only needs to reach the level of 'relevant consumers or businesses' awareness, instead of 'the public at large' awareness.

However, whether there is a risk of dilution of the distinctive character or reputation of a well-known trademark still needs to consider other factors case by case, such as the degree of similarity between trademarks, the degree to which the trademark is commonly used on other goods or services, the inherent or acquired distinctiveness of the well-known trademark, and whether the opposed mark owner intends to associate its trademark with the well-known trademark.

TURKEY

New Turkish domain name system creates a situation in need of resolution

Gün + Partners

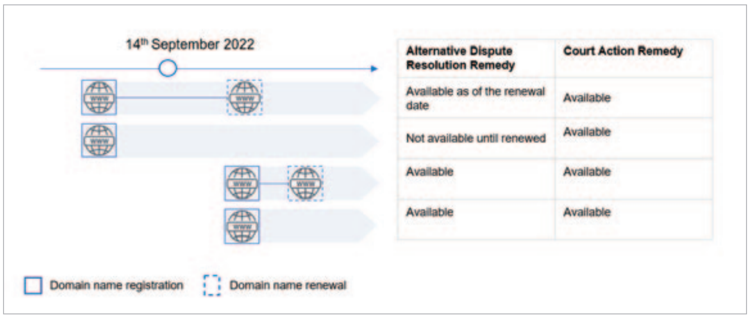
Zeynep Seda Alhas, Pınar Arıkan and Baran Güney

Nic.tr (.tr Domain Name Management), which was established under the auspices of Middle East Technical University, has been managing .tr domain names and dispute resolution processes related to these domain names since 1991. However, under Article 35 of Law No. 5809 on Electronic Communications and the Internet Domain Names Regulation, TRABIS (.tr Network Information System), established by the Information and Communication Technologies Authority, became operational on September 14 2022 and is now managing .tr domain names.

Changes under TRABIS

TRABIS serves as the system that manages the registration, renewal and operation of .tr domain names. Within the scope of TRABIS, the registry and registrar model, which is implemented worldwide in accordance with the Internet Corporation for Assigned Names and Numbers, has started to be fully implemented in Turkey. Within this framework, services are provided by registrars approved by TRABIS, which mediate transactions related to domain names, such as domain name application, renewal and cancellation.

Upon the introduction of TRABIS, a 'first come, first served' principle



has started to be implemented for the allocation of domain names such as com.tr, org.tr, net.tr, gen.tr, biz.tr, tv.tr, web.tr, info.tr, bbs.tr, tel.tr, and name.tr. The obligation to submit documents to prove the rights of the applicant has been abolished. This new situation is expected to result in third parties' registration of domain names before the trademark holders register their domain names.

Dispute resolution service providers, which are granted an activity certificate by TRABIS, have started to handle the alternative dispute resolution process regarding domain names. Accordingly, dispute resolution service providers evaluate disputes regarding domain names by taking into consideration the relevant legislation, case law and judicial decisions through their arbitrators or arbitral tribunals and may decide upon the cancellation of domain names, their transfer to the complainant or the rejection of the complainant's request, depending on the request of the complainant.

In addition, it is still possible to file a civil court action before the courts for the cancellation of .tr domain names.

The Internet Domain Names Regulation has introduced a different scheme regarding the alternative dispute resolution mechanism for domain names registered before the enforcement of TRABIS. Under paragraph 9 of Provisional Article 1 of the Internet Domain Names Regulation and Provisional Article 3 of the Communiqué on Dispute Resolution Mechanism for Internet Domain Names, no application can be filed to the alternative dispute resolution mechanism for domain names that were allocated before TRABIS became operational.

It is possible to apply to dispute resolution service providers with regard to domain names with a .tr extension registered after September 14 2022, when TRABIS launched its activities. However, it is only possible to apply to dispute resolution service providers concerning domain names with a .tr extension registered before September 14 2022 after their renewal date. Therefore, under current legislation, disputes related to such domain names can only be brought to court.

Analysis of the new system

Given that .tr domain names can be registered and allocated for up to five years, it can be considered that the unavailability of an alternative dispute resolution method against a domain name that was registered or renewed for five years shortly before September 14 2022 creates a significant loss of rights during this period. This dual regulation may be considered as contradicting the principle of equality set forth in the Constitution and the freedom to seek rights.

Indeed, the alternative dispute resolution methods envisaged for domain names are fast and are finalised within a few months, whereas the process takes longer and may take up to several years to be finalised in the case of judicial proceedings before the courts regarding domain names. These proceedings are also more burdensome in terms of costs.

Furthermore, while the cancellation, or transfer to the complainant, of the disputed domain name can be claimed through the alternative dispute resolution method, only the cancellation of the disputed domain name can be claimed before the courts. This shows that litigation is less advantageous than the alternative dispute resolution method for domain name disputes.

This system, which creates an unequal situation in domain name disputes, should be addressed promptly and the alternative dispute resolution method should be made accessible for domain names allocated and/or renewed before September 14 2022, through a legislative amendment.

UK

Patent owners not rushing out of the upcoming Unified Patent Court

Bird & Bird

Henri Kaikkonen and Wouter Pors

The single most remarkable reform in the European patent landscape is imminent, as the Unified Patent Court (UPC) and the unitary patent (UP) system will come into force on June 1 2023.

The UPC will have jurisdiction not only over UPs but also over traditional European patents (EPs) unless they are opted out. Opt-outs may be filed already during the so-called sunrise period to ensure that the EP will not become subject to a day one central revocation action at the UPC, which could nullify the EP throughout all 17 European countries that will participate in the UPC system from its introduction.

While it was previously predicted that most of the EPs would be opted out due to the perceived uncertainty of the new court system and the risk of a central revocation action, the industry's view has changed, and the number of opt-outs has been limited.

Influential factors for patent holders

The UPC's Rules of Procedure form a solid basis for litigation for patent owners. An important step was the appointment of legally qualified judges, whose views are known from the case law of their national courts. The UPC aims to issue judgments within a year, covering countries where national courts are less experienced in complex patent litigation.

While the risk of central revocation remains, the advantage of a central infringement action that covers a market of over 300 million consumers is compelling. Only just over approximately 30,000 opt-outs have been registered, whereas, for example, in Germany alone the total number of patents in force in 2022 was over 900,000.

Furthermore, some EP owners may be following a wait-and-see strategy, meaning that they opt out now but might opt back in to the UPC.

An application to withdraw an opted-out EP is possible at any time, provided that an action concerning the EP in question has not been brought before a national court and that all owners of the opted-out EP so agree. Accordingly, if the patent owner prefers to wait and see, it is equally important to discuss the question of opting back in with other co-owners before making the final decision of opting out.

Another issue that might have caused some patent owners to stay within the UPC is that opt-outs are publicly searchable at the UPC's registry.

Accordingly, the act of opting out might disclose strategic information about the value or strength of the EP, or about the likely enforcement activities of the patent owner. Of course, any such speculation may turn out to be false, but the act of opting out (or not) might trigger third parties to initiate national actions to ensure that the EP in question cannot be litigated before the UPC, which leads to the failure of any wait-and-see strategy.

With the sunrise period drawing to a close, European patent owners would do well to ensure that their UPC strategies are well planned and executed, and account for the most recent developments.

VIETNAM

Practical tips for safe use of descriptive terms in Vietnam

Gün + Partners

Chi Lan Dang
and Linh Thi Mai Nguyen

When a company promotes its products or services, it will naturally use laudatory terms or phrases to describe their quality. However, in Vietnam, such use could constitute trademark infringement, as many terms with a descriptive or laudatory nature have been granted registration as trademarks, often without disclaimers. Examples include '*Nước Mắm Mẹ Làm*' ('Fish sauce made by mom') under Registration No. 392575 for fish sauce, 'Drink it, Wear it' under Registration No. 387444 for clothing retail services, and 'Making Cancer History' under Registration No. 388177 for healthcare services.

Imagine a case where a hospital advertises that its cancer treatment services can help to "make cancer history". Would the advertisement be considered trademark infringement of the registered mark 'Making Cancer History'?

Fair use or infringement?

Under the doctrine of descriptive fair use commonly adopted worldwide, a third party, even a direct competitor, may use another party's descriptive trademark to describe its own products or services, even if the mark has acquired secondary meaning. However, that use can only be in a purely descriptive manner.

Descriptive fair use requires that the mark being used describes a quality or an attribute of the goods or services, rather than indicating the source. The descriptive words must also be used in the normal course of language. In addition, the mark must be used in the text portions of an advertisement and not as a banner or in any other manner that sets it apart from the other words in the sentence or paragraph in which it is used.

To be nominative fair use, such use should accurately refer to a trademark owner or to goods or services and cannot be misleading or defamatory, or imply endorsement or sponsorship by a trademark owner.

Vietnam does not have any detailed regulation on fair use of descriptive marks. However, the Intellectual Property Law recognises, under Article 125, that owners of trademarks do not have the right to prevent others from "using in an honest manner people's names or marks descriptive of the type, quantity, quality, utility, value, geographical origin or other properties of goods or services". Therefore, it is understood that to safely use another party's marks which are descriptive marks, such use should only be for descriptive purposes, to meet the criterion of honest and nominative fair use.

How to safely use a mark

It can be tricky to determine what is considered fair use. Sellers should not assume that any particular use of a trademark not belonging to them (that they do not have permission from the trademark owner to use) is acceptable under fair use. Below are some tips that may be helpful to eliminate such infringement risks when using descriptive marks.

Conduct a trademark search before launching product

It is always a wise tactic to conduct a clearance search for any potential risk. Even if you do not intend to use a term as a mark, its presentation on product packages or signboards may be regarded as use of a trademark and, thus, an infringement risk.

Fair use

Make sure that the term is used in a fair-use manner as described above. However, as the border between fair use and infringement may be very thin, it is recommended that the totality of the use is looked at, including the fonts used, the size of the text and any other ways that the trademarked term is used. For example, the hospital mentioned above may publish an advertisement such as "ABC Cancer Centre provides treatment and therapies that can help you control your symptoms and, furthermore, may help make cancer history with very little risk of recurrence."

This sentence uses the phrase "make cancer history" in a quite descriptive manner in the normal course of language to describe an attribute of the services being provided, without distinguishing or setting apart the descriptive phrase from the remainder of the advertisement.

However, the same advertisement may constitute trademark infringement of the registered '*Making Cancer History*' mark if presented as follows: "ABC Cancer Centre provides treatment and therapies that can help you control your symptoms and, furthermore, may help in Making Cancer History."

The capitalisation sets apart the trademarked words from the remainder of the advertisement and would not be descriptive fair use.

Earlier well-known status/wide use

A registered mark may be invalidated or banned from exercise if it conflicts with previously established trademark rights of others. Therefore, if you have used a term or phrase for a long period and it has acquired secondary meaning from your extensive use before the registration of the descriptive mark, you may have grounds in defending against a trademark infringement claim.

Genericness of the mark

You may also argue that the descriptive term has become generic and widely used by many other companies for similar products. Under the recently revised Intellectual Property Law, a mark that has become generic after its registration can be invalidated.

Prior consent from the trademark owner

This action may safeguard your use, and infringement risk should be eliminated.

Other tips

You may consider registering descriptive terms as part of your own trademark to avoid worrying about infringement risk. For example, you can apply to register the package of a product as a trademark in which the descriptive element is only a part. In such case, the overall presentation of the mark will be protected and the descriptive element will likely be disclaimed; however, you can still use the overall product package.

The idiom 'better safe than sorry' is a good reminder of the importance of looking carefully at any element appearing on products before using it, even when it seems very obviously safe. With careful planning and wise tactics, the risk and loss can be avoided.