



Bulletin

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INTA and OHIM Present Third Joint Conference on Community Trade Mark Rights

INTA and the Office for Harmonization in the Internal Market held the third collaborative conference for trademark practitioners in Brussels on June 4, 2007. The conference, "Community IP Rights—Present & Future" was geared to brand owners and advanced-level trademark practitioners, and provided insight and tips on enhancing success rates in dealing with OHIM, registering trademarks and designs and enforcing Community trade mark (CTM) rights. The event was chaired by Ingrid Desrois, of Paris and special advisor to OHIM, João Miranda de Sousa, of OHIM in Alicante, and Nadine H. Jacobson, of Fross Zelnick Lehrman & Zissu, P.C. in New York, and took place at a time when OHIM was celebrating ten years of service and when a new CTM fee structure was about to be negotiated by the European institutions.

Throughout the day, participants debated the pros and cons of registering a trademark using the CTM, national offices or the Madrid Protocol. Brand owners maintained it was best to evaluate registrations on a case-by-case basis.

Gerhard Bauer, of DaimlerChrysler, noted that national registrations are easy and quick with regards to priority periods. Dee Ann Weldon-Wilson, of Exxon Mobil, explained how filing a CTM as well as national applications can help ensure protection in key markets. It is also possible to file a CTM then exclude those countries from a Madrid Protocol registration, explained Susan Evans, of Novartis International AG. There is no "one size fits all" approach; rather, the filing decision depends upon each circumstance, taking into consideration factors such as cost, language and use.

OHIM's operations were a focal point in the day's discussions. Coordination between OHIM and WIPO, particularly the flow of communication between the two offices, was evaluated. Also discussed were the types of evidence OHIM requires for showing that an unregistered mark is well known. OHIM IP Policy Director Vincent O'Reilly shared the Office's perspective on topics ranging from use to distinctiveness.

The issue of acquired distinctiveness also generated much discussion. Fabio Angelini, of Intel

SEE INTA-OHIM CONFERENCE ON NEXT PAGE

Association Hosts First European Benchmarking Event for In-House Counsel

On June 5, 2007, INTA held a successful In-House Trademark Counsel's Workshop in Brussels—the first program of this type the Association has staged in Europe.

The event, chaired by Gert-Juergen Frisch of INVISTA International in Geneva, provided a forum for in-house counsel to find out how other European trademark owners structure their IP departments and create an effective brand protection



team with the marketing department, discover the risks and benefits of outsourcing as experienced by other companies and learn tips on how to streamline internal processes to make a trademark department's operations more ef-

ficient and cost-effective.

Speaker Caroline Davies of Imperial Chemical Industries PLC noted that trademark counsel must stay in touch with marketing teams to keep aware of product launches, R&D and patent teams to have updated information on new products in

the pipeline and to plan ahead for any trademark action, and general legal divisions to ensure that all necessary agreements are in place. Anticounterfeiting activities in particular are complex,

remarked one participant, and require a multidisciplinary approach.

Unfortunate incidents are sometimes the most effective way to educate the marketing team on the

SEE IN-HOUSE ON NEXT PAGE

IN THIS ISSUE

3 Association News

Valuation of Trademarks Is Subject of Danish PTO Conference

Member Spotlight: Susan Brady Blasco

5 Features

Jurisdiction in IP Cases: A Mexican Perspective

Addressing Parallel Import Goods Under U.S. Law

8 Law & Practice

ARGENTINA
Insufficient Evidence for Domain Name Injunction

CANADA
Government Announces Bill to Protect Olympic Symbols

EUROPEAN UNION
Reduction of OHIM Fees

PERU
No Andean Oppositions Based on Venezuelan Rights

UNITED STATES
First TTAB Decision Under Federal Trademark Dilution Revision Act Finds No Dilution

Preliminary Injunction Denied Even Though Trade Dress of Artificial Sweeteners Was Similar

11 Welcome New Members

Features

Addressing Parallel Import Goods Under U.S. Law

Nearly all businesses are increasingly involved in the distribution or sale of products across national boundaries. Products are often designed in one country, manufactured in another and then marketed and sold to customers all over the world.

Companies' dependence on the global marketplace may give trademark owners reason to seek to prevent the "parallel import" of branded products to countries other than those countries to which the products are intended. Differences in consumer preferences, national laws and product distribution models all require trademark owners to maintain control over the distribution and ultimate geographic sale location of their products.

To maintain control over the use of their brands on products being imported into the United States, trademark owners may consider: (1) seeking assistance through the U.S. Customs and Border Protection Division of the Department of Homeland Security (CBP), (2) initiating litigation before a U.S. district court, or (3) filing a complaint with the U.S. International Trade Commission.

CUSTOMS RECORDATION

Because of its border control responsibilities, the CBP has developed an initiative to stem the importation of merchandise that infringes U.S. intellectual property rights. The first step in gaining assistance from CBP is to record relevant trademark and trade dress registrations with CBP (19 C.F.R. § 133.12). Recordation involves filing an application with information such as the mark owner's name, address and citizenship, the trademark registrations to be recorded, information regarding entities licensed to use the marks and a description of the merchandise associated with the marks (19 C.F.R. § 133.13). The CBP recordation process is now available online and may be completed electronically (<https://apps.cbp.gov/e-recordations/>).

CBP will provide protection from parallel imports if the mark owner demonstrates that the products in question have physical and material differences from the branded products that are authorized for the U.S. market. So called "Lever Rule" parallel import protection stems from a 1993 decision from the U.S. Court of Appeals for the District of Columbia, which found that parallel import products that are materially different from products authorized for sale in the United States do violate the U.S. trademark owner's rights even if the products originated from an affiliate of the U.S. trademark owner. *Lever Bros. Co. v. United States*, 981 F.2d 1330 (D.C. Cir. 1993).

CBP will publish a notice granting *Lever Rule* protection from parallel imports if the mark owner provides additional information demonstrating that the products in question have physical and material differences from the branded products that are authorized for the U.S. market. See, e.g., *In re Tomy Corp.*, 38 Cust. B. & Dec. 6, 2004 WL 723099 (2004). Physical and material differences that provide a basis for *Lever Rule* protection include, for example, the specific composition of the products, product construction or structure, performance or operational characteristics, differences resulting from legal or regulatory requirements or certifications, or other distinguishing factors that may cause consumer confusion with the products authorized for sale in the United States.

After recordation, the trademark owner may provide CBP with more detailed information regarding impending importations of infringing goods. CBP will take steps to prevent importation of

goods that infringe recorded marks. CBP will, however, allow the importation of parallel import goods if labels are affixed to the goods indicating that the goods are not authorized for importation and sale in the United States by the trademark owner. (19 C.F.R. § 133.23(b)). CBP will be more capable of preventing importations of infringing goods if the trademark owner provides the agency with detailed information such as the anticipated port of entry, the shipping vessel and detailed instructions regarding the nature of the infringing products.

Because CPB is a division of the Department of Homeland Security and is therefore also charged with protecting the United States from terrorism, IP protection is not the agency's only concern, and trademark owners should take all reasonable steps to assist CBP in its efforts to protect against parallel imports.

U.S. DISTRICT COURT ACTION

Protection against parallel imports can also be obtained by filing a U.S. district court action against the importer for trademark infringement and related claims seeking both monetary damages and a court order enjoining future importations. Sections 32, 42, and 43(a) of the Lanham Act (15 U.S.C. §§ 1114(1)(a), 1124, and 1125(a)(1)) and Section 526 of the Tariff Act (19 U.S.C. § 1526(a)) are the typical, although not exclusive, statutes under which such claims are brought.

Unauthorized importation of parallel import goods that are materially different from branded goods authorized for sale in the United States is actionable under Sections 32 and 43(a) of the Lanham Act. *Soci t  des Produits Nestl , S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 637-39 (1st Cir. 1992). The relevant inquiry under Sections 32 and 43(a) of the Lanham Act is whether material differences exist between the parallel import goods and goods authorized for sale in the United States and whether such differences are likely to cause consumer confusion, mistake or deception concerning the goods.

Similarly, an action may be filed under Section 42 of the Lanham Act, which prevents importation of goods which copy or simulate a protected mark, if the parallel import goods differ materially from goods authorized for importation and sale in the United States. *Nestl *, 982 F.2d at 638-39.

Importation of parallel import goods that are identical to branded goods authorized for sale in the United States is not actionable under the Lanham Act. Material differences have been held to include differences in quality control, packaging, configuration, price, language labeling, warranty coverage and post sale services. See, e.g., *SKF United States, Inc. v. ITC*, 423 F.3d 1307, 1312 (Fed. Cir. 2005); *Davidoff & Cie v. PLD Int'l Corp.*, 263 F.3d 1297, 1302 (11th Cir. 2001). The threshold of materiality may be "quite low," and courts have presumed that material differences are likely to cause consumer confusion unless the importer can prove otherwise by a preponderance of the evidence. See *Nestl *, 982 F.2d at 641 (citing *Coach Leatherware Co. v. Ann Taylor, Inc.*, 933 F.2d 162, 170 (2d Cir. 1991)).

Section 526(a) of the Tariff Act prohibits importation of goods bearing a registered mark owned by a U.S. trademark holder unless the U.S. trademark holder has previously consented to the importation in writing or has a relationship with the importer and/or foreign manufacturer. *Ahava (USA), Inc. v. J.W.G., Ltd.*,

250 F. Supp.2d 366, 370 (S.D.N.Y. 2003). Under Section 526, the plaintiff must prove that:

- (1) it is a corporation or association created or organized in the United States;
- (2) it owns the trademark in question in the United States;
- (3) the trademark is covered by a federal registration from the U.S. Patent and Trademark Office; and
- (4) the defendant imported foreign manufactured goods bearing the trademark without the trademark owner's consent.

See *Vittoria N. Am., LLC v. Euro-Asia Imports, Inc.*, 278 F.3d 1076, 1082 (10th Cir. 2001).

It is important to note again that Section 526 may not be applicable if there is a relationship between the U.S. trademark holder and the importer and/or foreign manufacturer. See *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 288 (1988); *Weil Ceramics and Glass, Inc v. Dash*, 878 F.2d 659, 664 (3d Cir. 1989).

ITC § 337 ACTION

Another forum in which trademark owners may bring claims seeking to prevent parallel importation is the U.S. International Trade Commission (ITC), located in Washington, D.C. The ITC has jurisdiction under Section 337 of the Tariff Act to investigate claims that the importation of goods into the United States infringes patents, trademarks or copyrights, or otherwise constitutes an unfair method of competition.

The ITC has the advantage of not requiring personal jurisdiction over the importing party, but rather uses *in rem* jurisdiction over the actual goods. *Sealed Air Corp. v. U.S. Int'l Trade Comm'n*, 645 F.2d 976, 986 (C.C.P.A. 1981). The ITC has the authority to issue a general exclusion order barring all imports of an infringing item, even by importers who were not parties to the proceeding. The ITC does not have authority to award damages or other monetary relief.

The process begins when one or more companies (referred to as the "Complainants") files a proposed complaint with the ITC identifying, among other things, the imported items at issue, the nature of the proposed claims (e.g., trademark infringement) and the proposed Respondents who are importing the infringing goods.

A Section 337 complaint filed with the ITC must include significantly more detail than a complaint filed in a U.S. district court. A Complainant may consult with the ITC and submit a draft complaint for review prior to filing to ensure that the complaint contains sufficient information. The ITC may only institute a proceeding if there is a domestic industry related to the products at issue.

If the ITC votes to institute an investigation based on the complaint (a decision it normally makes within 30 days after the complaint is filed), it will publish a notice and serve the complaint on the Respondents (who then have 20 days to respond). If a U.S. district court case has been filed against a Respondent based on the same claims, the Respondent may request that the district court case be stayed pending the completion of the ITC investigation.

Trademark-related claims can constitute a violation of Section 337 (19 U.S.C. § 1337(a)(1)(C)). Therefore, the ITC may address a wide range of causes of action under Sections 32, 42, and 43(a) of the Lanham Act, as well as Section 526 of the Tariff Act. Section

337 investigations are fast-paced proceedings that are typically concluded within 12 to 15 months and can provide significant relief from parallel import problems.

OTHER OPTIONS

The foregoing discussion addresses the primary, but not exclusive, options available to trademark owners when seeking to prevent parallel import goods from being sold in the United States. The nature of the parallel import problem, the desired remedies and the trademark owner's budget should all be taken into consideration when assessing which options are most appropriate. Additional IP claims—such as copyright and patent infringement—may also be worth exploring.

By: Patricia B. Cunningham and David E. Weslow, Sutherland Asbill & Brennan LLP, Atlanta, Georgia, and Washington, D.C.; Prepared by *INTA Bulletin* Features–Policy & Practice Subcommittee

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