

Worldwide Protection of Famous Brands

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Topics for Discussion

- I. *Chewy Vuiton* and Beyond: Evolving Standards of Trademark Dilution under US law. A Review of the Interplay Between Parody and Dilution
- II. To What Extent Does the US Concept of Dilution Apply in Europe? A Look at the Concepts of Unfair Advantage and Detriment in the EU
- III. Different Levels of Well-knownness of Trademarks in the People's Republic of China
- IV. Domain Name Management and Enforcement: Protecting Famous Brands on the Internet

Chewy Vuiton and Beyond: Evolving
Standards of Trademark Dilution under
US Law. A Review of the Interplay
Between Parody and Dilution

What is a Famous Mark?

The definition of “famous” was revised in 2006:

“A mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”

15 U.S.C. § 1125(c)(2)

VICTORIA'S SECRET

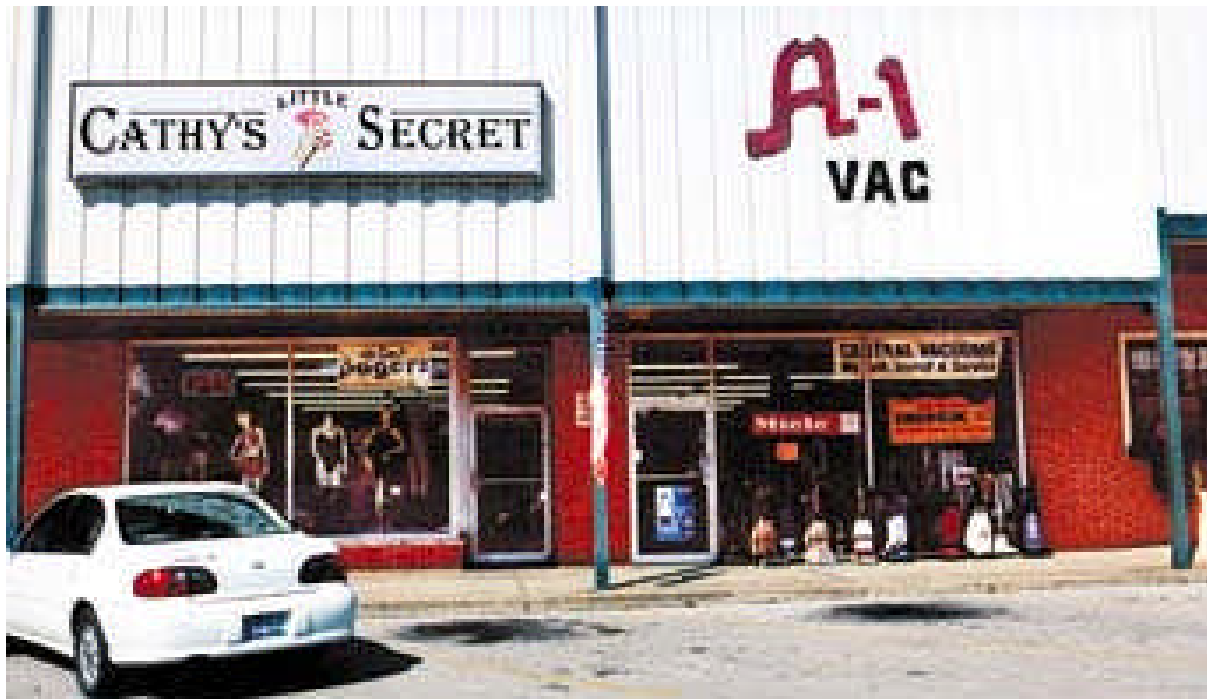


Federal Trademark Dilution Act of 1995

- This legislation was the first US federal protection for famous marks
- Standard was “causes dilution of the distinctive quality of the mark”
- “Dilution” defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services”
 - Specifically excluded requirement of confusion

Does the FTDA Require Actual Dilution?

- What is actual dilution?
- Potential example:



Does the FTDA Require Actual Dilution?

- *Moseley v. V Secret Catalogue, Inc.*,
537 U.S. 418 (2003)
 - Adult novelty shop in Kentucky called “Victor’s Secret” and later “Victor’s Little Secret”
 - Supreme Court held mark owner must prove actual dilution

Trademark Dilution Revision Act (TDRA) of 2006

- Only “**likelihood of dilution**” need be proved
- Two new definitions
 - **Blurring**: “impairs the distinctiveness of the famous mark”
 - **Tarnishment**: “harms the reputation of the famous mark”
- Powerful tools for the trademark owner, but...

Trademark Dilution Revision Act of 2006 (con't)

- **Defenses:** Defendant may use famous mark for the purposes of “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner”

A Successful Parody Defense

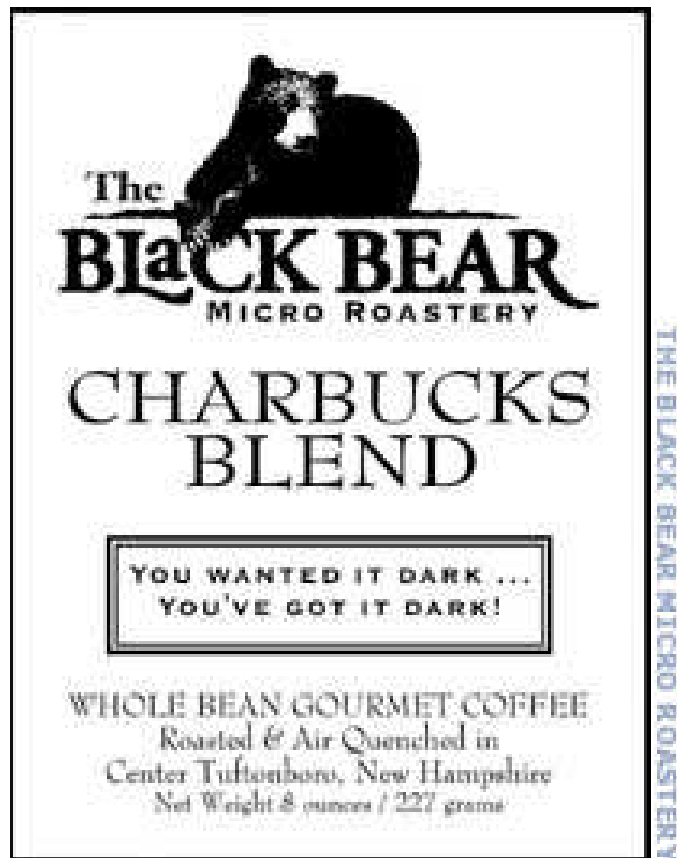


Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC,
507 F.3d 252 (4th Cir. 2007)

Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC

- Court focused on parody
- In the court's opinion, the Chewy Vuiton dog toys were an “immediate” and “unmistakable” parody that “irreverently presents haute couture as an object for casual canine destruction”
- *Held:* **No dilution**

Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 2008 WL 2329269, at *3 (S.D.N.Y. 2008)



- Small coffee shop offering “charbucks” blend
- Defendants admitted mark was intended to convey similarity to dark Starbucks roast

Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 2008 WL 2329269, at *3 (S.D.N.Y. 2008)

- “The association Defendant intended to evoke in consumers’ minds through its use of a playful dissimilar mark is not one that would be likely to dilute the Starbucks marks as unique identifiers”
- *Held:* **No dilution**

“Victor’s Little Secret” on Remand

- Ten years since the first cease and desist letter
- After 4 years of inactivity, remanded to trial court in 2007
- Trial court found **dilution by tarnishment**
 - *V Secret Catalogue, Inc. v. Moseley*,
2008 WL 2152189 (W.D. Ky. 2008)

To What Extent Does the US Concept of Dilution Apply in Europe?

A look at the concepts of unfair advantage and detriment in the EU

Article 5(2) EU Directive 89/104

- Key elements
 - use of an identical or similar trademark
 - on dissimilar (and following *Davidoff* also similar) goods
 - to a trademark with a reputation
 - which without due cause
 - takes unfair advantage of distinctive character or repute and/or
 - causes detriment to distinctive character or repute
- Likelihood of confusion not required but the public must make a **link**

Reputation

- Does not need to be famous compared with US TDRA
- But similar criteria may be applied
 - duration, extent and reach of advertising and promotion
 - volume and extent of sales
 - extent of actual recognition
- Reputation among a “*significant part of the public concerned by the products or services ...in a substantial part of the territory...*” (ECJ in *General Motors v. Yplon*)

Intel Corp. v. Intelmark – Reference to the ECJ Advocate General's Opinion 26 June 2008

- Questions (as summarized by the AG)
 - what factors are to be taken into account when assessing, and what is needed in order to establish
 - (i) a link in the mind of the relevant public
 - (ii) unfair advantage taken of the distinctiveness or repute of the earlier mark (free riding)
 - (iii) detriment to distinctiveness (blurring), and
 - (iv) detriment to repute (tarnishment)

The Link

- The link is necessary but not sufficient
- Consider factors in TDRA (even though no effect in EU)
 - the degree of similarity between the marks
 - the degree of inherent or acquired distinctiveness
 - the extent to which the owner of the famous mark has substantially exclusive use of the mark
 - the degree of recognition of the famous mark
 - any actual association between the marks
- Bringing to mind (more than indefinable feeling)

Unfair Advantage (free riding)

- Focuses on benefit to the later mark rather than harm to the earlier mark
- Associations of the earlier mark must be such as to enhance the performance of the later mark
- Prove by consumer survey evidence?

L'Oreal v. Bellure EWHC 2355

Bellure



L'Oreal

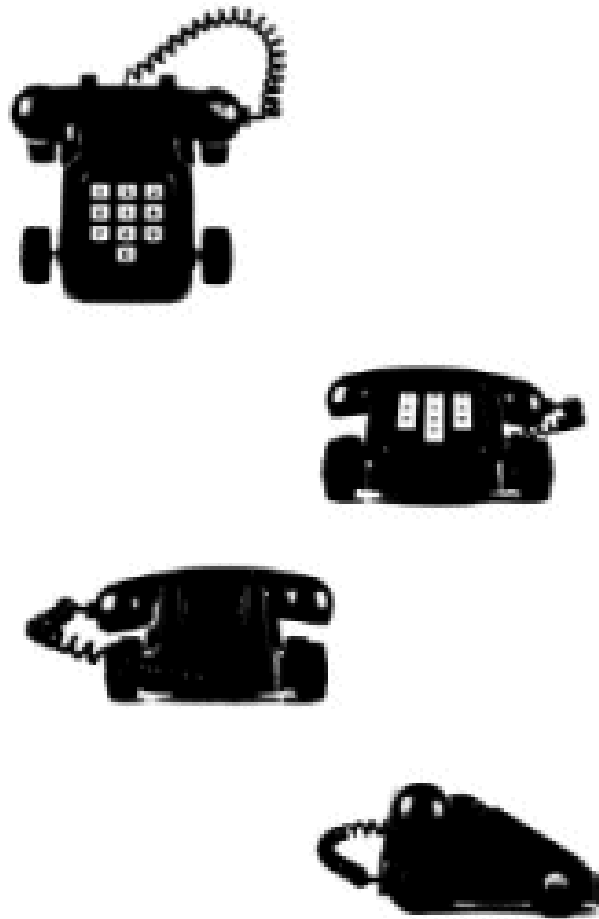


Detriment (blurring)

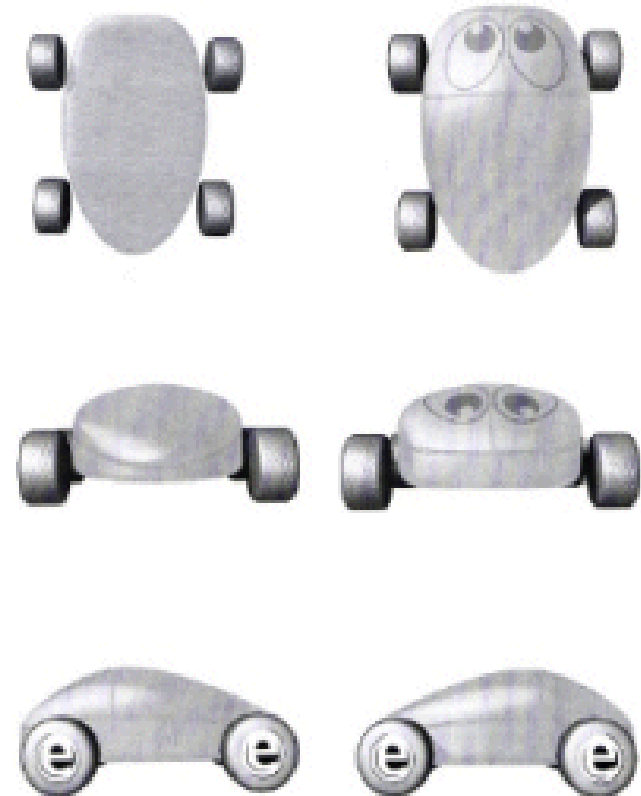
- Lessening of distinctiveness (in respect of goods for which registered)
- AG's opinion in INTEL
 - link alone not sufficient
 - uniqueness not a requirement
 - economic detriment not essential
- Global appreciation taking all factors into consideration

Esure Insurance Limited and Direct Line Insurance plc [2007] EWHC 1557 (Ch)

Direct line



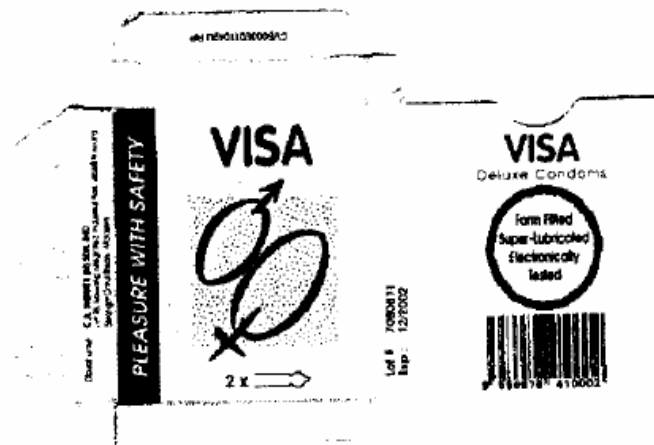
Esure



Detriment (tarnishment)

- A step beyond blurring
- Degrading the mark; not merely weakening it
- “Use in an unpleasant, obscene or degrading context or in a context which is not inherently unpleasant but which proves to be incompatible with the trade mark’s image” (*L’Oreal v. Bellure*)

C A Sheimer (M) Sdn Bhd's Application; Opposition by Visa International Services Association [2000] ETMR 1170 (UK Trade Mark Registry)



Oasis Stores Ltd's Application;
Opposition of Ever Ready plc
[1999] ETMR 531 (UK Trade Mark Registry)



Louis Vuitton



Chewy Vuiton



Questions Referred to the ECJ in *L'Oreal v. Bellure*

- Where a similar (but not confusingly similar) mark to a mark with a reputation is used where
 - the essential function of the trade mark to provide a guarantee of origin is not impaired
 - there is no tarnishing or blurring of the mark or its reputation
 - the trade mark owner's sales are not impaired
 - the trade mark owner is not deprived of any of the reward for promotion maintenance or enhancement of his trade mark
 - **BUT** the trader gets commercial advantage from the use of the mark by reason of its similarity

Does that amount to taking unfair advantage?

Applying the Criteria to *Chewy Vuiton*

- Similar trademarks?
- Does Louis Vuitton have a reputation?
- Use is without due cause
- Does it call Louis Vuitton to mind?
- Is the use obscene or degrading?
- Is it blurring (take into account all factors)?
- Does it use Louis Vuitton to generate interest in the product – is it free riding?

Continuing Legal Education Code

Different Levels of Well-knownness of Trademarks in the People's Republic of China

Background

- **1983** - First trademark law
- **1985** - Joined Paris Convention
- **1993** - Anti-unfair competition law
- **1996** - Provisional regulations on the recognition & administration of well-known trademarks
- **2001** - Joined the WTO; revised trademark law
- **2003** - New trade regulations for the recognition & protection of well-known trademarks
- **2006** - Judicial interpretation on meaning of “well-known” in anti-unfair competition law

Importance of Obtaining Well-known Status

- Prevent registrations / use
 - of an **unregistered** trademark in **same class of goods or services**
 - of a **registered** trademark in **non-similar goods or services**
- **Higher level of damages**
- **Stronger** criminal enforcement
- Extends to other areas
 - **domain names**
 - **enterprise names**

Different Levels of Well-knownness



Highest status

- 1) Paris Convention
- 2) Application to the SAIC
- 3) Administrative recognition
- 4) Judicial recognition
- 5) Anti-unfair competition law
- 6) Provincial well-known trademarks

Lowest status

(1) Paris Convention

- **Definition of “well-known”**
 - Left to the “**competent authority**” of the member country
 - **Knowledge** in the **relevant sector of the public**
 - The well-known trademark **need not be registered**

(1) Paris Convention

Scope of protection

- To prevent confusion
- The authorities could
 - **refuse** the application for registration;
 - **cancel** the registration; or
 - **prohibit** the use
- **No time limit** if registered / used in bad faith
- **Service marks** protected (*TRIPs Agreement*)

(2) By Application to the SAIC

- **Aggressive approach**
 - apply to the SAIC
 - National Key Trademark Protection List
- **Replaced by passive approach**
 - 2003 Regulations
 - protection only given after an infringement occurs

(3) Administrative Recognition

3 ways of administrative recognition

- Apply for recognition of trademarks as well-known trademarks by way of
 - **opposition** to registration (TMO)
 - **cancellation** of registration (TRAB)
 - **prohibit** the use (local AIC)
- By the Trademark Office (TMO) or by the Trademark Review & Adjudication Board (TRAB). Final adjudication by the courts
- No re-application within one year

(3) Administrative Recognition

“Well-known”

- **Widely known to the relevant sector of the public**
- **Relatively high reputation in China**
- **Factors for consideration**
 - public awareness
 - duration of use
 - advertising duration & geographical scope
 - prior recognition in China or other jurisdictions, and
 - other relevant factors

(4) Judicial Recognition

Civil proceedings

- Higher & Intermediate People's Courts
- Recognize well-known marks when **necessary**
- **“Well-known”**
 - same considerations as under administrative recognition

(4) Judicial Recognition

Criminal proceedings

- Prosecution if:
 - **identical** with a **registered well-known trademark**
 - **identical goods**
- Sanctions: fine and / or imprisonment

(4) Judicial Recognition

Advantages over administrative recognition

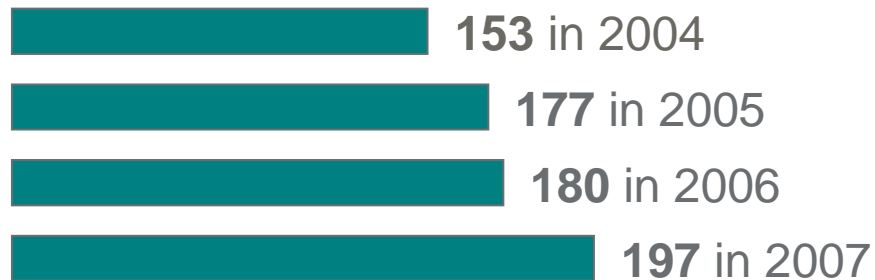
- Timely decision
 - 6 months from filing date
 - +3 months for appeal
 - cases involving foreign parties can take years

Administrative & Judicial Recognition: Statistics

- Total: over **1,000** well-known trademarks

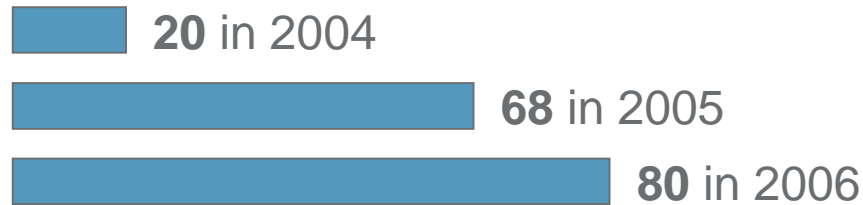


- Number of well-known trademarks recognized each year



Administrative & Judicial Recognition: Statistics

- Number of well-known trademarks **confirmed by courts** is ~ **200**



- Well-known trademarks attained by **foreign** businesses



(5) Anti-unfair Competition Law

Scope of protection

- Prohibits unauthorized use of a name, packaging or trade dress
 - **unique** to well-known goods or
 - **similar** to well-known goods that may cause confusion
- **2007 Interpretation**
 - well-known among **relevant members of the public**
 - market **reputation in China**
 - **factors**: sales period, extent of promotion, prior recognition, etc.

(6) Provincial Well-known Trademarks

- **2004 Campaign**
- Local governments released **announcements**
- Greater protection to **foreign** trademarks
- **Beijing AIC**
 - **first announcement** in July 2004:
25 trademarks of 4 enterprises from 3 countries (Louis Vuitton Malletier, Chanel, Burberry Limited, Prada S.A)
 - **second announcement** in 2005:
23 registered trademarks of 13 well-known companies in 7 countries

(6) Provincial Well-known Trademarks

Shanghai AIC

- **Announcement** in October 2004:
40 well-known trademarks of 10 companies in 6 countries (*Louis Vuitton Malletier, Hermes International, Cartier International B.V, Richemont International S.A, Montblanc-Simplo gmbh, Alfred Dunhill Limited, Christian Dior Couture, Prada S.A*)
- **Significance**
 - first time to protect foreign trademarks through the issue of Announcements
 - great importance Chinese government organs had attached to protection of foreign trademarks

Continuing Legal Education Code

Domain Name
Management and Enforcement:
Protecting Famous Brands
on the Internet

Importance of Domain Names

- Increasing popularity of the internet as a communication tool
- Increasing demand for domain names for websites specifically tailored to certain products and services
- More effective search through brand, product or service related domain names than through search engines

Characteristics of Domain Names

- Domain names are “unique”
- Top-level-domains increase permanently
- Second-level-domains may be manipulated
- Big damage at no costs!

The Famous Brand: “Gold Bunny”

www.goldbunny.com / www.lindt.com



The Cyber-squatters

- goldenbunnies.com
- goldenbunnys.com
- golden-bunnies.com
- golden-bunnys.com
- lindt-golden-bunny.com
- lindt.cc
- lindt.ws
- lindt-chocolate.com.cn
- lindtschocolates.com
- llindt.com

Principles of Domain Name Management

- Trademarks and domain names be treated with the same care
- Central responsibility for trademarks and domain names in the trademark department
- Work with a reliable ISP and have your own (online) database to manage domain name records

Principles of Domain Name Registration

- Importance of brand determines scope of domain name registrations
- Majority of domain name portfolio in gTLDs and selected ccTLDs
- Defensive registrations where third party is likely to misuse a brand
- Monitor the internet for trademark infringements via domain name watches

Principles of Domain Name Enforcement (1)

- In what type of cases should one take action?
 - domain name reflects main brand
 - domain name required for own use
 - use of domain name by third party is considered harmful (e.g., confusion as to source of website, danger of dilution etc.)

Principles of Domain Name Enforcement (2)

- What type of actions shall be considered?
 - cease and desist letters / warning letters
 - court actions
 - arbitration procedures
 - settlement negotiations
 - (anonymous) acquisition / purchase

Principles of Domain Name Enforcement (3)

- Characteristics of arbitration procedures
 - restricted to clear cases of cyber-squatting
 - open to all gTLDs and some ccTLDs
 - very quick (3 months)
 - very efficient (domain names blocked / transferred)
 - written proceedings / no oral hearings
 - costs are predictable / reasonable, yet not recoverable!

Principles of Domain Name Enforcement (4)

- Room for settlement negotiations
 - where both parties have (equal) rights in domain name
 - where arbitration proceedings are not available
 - where domain name owner is known for willingness to settle cases amicably (bulk registrations, cyber-squatter networking!)
 - where trademark owner is known for resolute domain name enforcement policies

Summary

- Manage domain names with care
- Register domain names systematically
- Monitor the internet for trademark infringements via domain name watching
- Go after all “bad cases”
- Neglect “minor troublemakers”
- Don’t give up!

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