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?

  – 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

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

• “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
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)
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
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)
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
  - 800 approved by TMO & TRAB
  - the rest by the courts

- Number of well-known trademarks recognized each year
  - 153 in 2004
  - 177 in 2005
  - 180 in 2006
  - 197 in 2007
Administrative & Judicial Recognition: Statistics

- Number of well-known trademarks confirmed by courts is ~ 200
  - 20 in 2004
  - 68 in 2005
  - 80 in 2006

- Well-known trademarks attained by foreign businesses
  - 28 in 2004
  - 11 in 2005
  - 10 in 2006
(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


• **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
• l.lindt.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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