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Nordic know-how on the up

The global slowdown is starting to bite in the larger trademark services markets of the Nordic region. However, some firms feel that strong cross-border expertise will give them an edge in an increasingly competitive field

"There has been a lot of talk about what effect the current economic situation has had on the market for trademark-related services in the Nordic region; while there was no real change at the end of 2008, things are starting to look different as we move further into 2009," so says Tove Graulund, Manager Trademark & Legal Denmark at Zacco – a leading IP specialist firm in the region. "I don't think we'll see companies pulling out of any pending matters, as the costs involved will have been budgeted for already," adds Tuukka Airaksinen a partner at Benjon in Helsinki. But as a significant number of companies lay off staff across all areas of their business and look to make savings, research and development, and marketing resources will be hit. Many firms will consolidate and shelve product launches, with the knock-on effect that fewer new marks and slogans will be coined. "In the long run this kind of thing will filter through to trademark practices in the region," notes Airaksinen.

The first signs of a slowing market are showing in Denmark, which arguably has been hit harder by the downturn than Finland, Norway and Sweden. National applications in 2008 fell noticeably on the figures for 2007 (see "Denmark" on page 33). The Danish Patent and Trademark Office (DKPTO) has already implemented staff cuts this year (mainly in the patent field) in response to reduced demand. But Graulund, who is based in Copenhagen and who closely monitors the prosecution side of the Danish market, feels that such news should not cause too much alarm. "It's important to be realistic about the current situation," she says. "But there is too much doom and gloom. The cutbacks are part of a longer term movement towards increased efficiency. It is unlikely that the office will need to recruit more people when things start to pick up again over the next few years."

While the prosecution market could stutter, albeit temporarily, Airaksinen feels that litigation may actually increase in the region, as infringers seek to capitalize on the strength of well-known marks. Companies tend to fight for their rights even harder in bad times than when the going is good so the IP rights field has traditionally been insulated to some extent from the effects of economic

downturns. But any further growth in litigation need not necessarily be classed as a specific reaction to the times. Companies in the region as a whole have become increasingly litigious in the past few years and are now far more willing to take action before the courts than was the case even just five years ago.

Age of the agent

The rise in court proceedings is a trend that has not gone unnoticed by patent and trademark agents in the region. As in most other jurisdictions across the world, agents have started to move into providing litigation services in the Nordic countries. "In Sweden, there is no requirement to be a member of the Bar Association to act before a court," explains Christina Berggren, a partner at MAQS's Gothenburg office. "This means that, in theory, patent and trademark agents have had audience rights for a long time; however, they did not really start hiring lawyers until around 15 to 20 years ago." The Finnish market is heading in a similar direction, although the move commenced only comparatively recently. "Things began changing around five years ago and the market is not yet fully developed," notes Airaksinen. "Not all patent and trademark agencies offer litigation services, but most of the more forward-thinking agencies are entering the enforcement market." The same can be said of Denmark and Norway. But a majority of practitioners feel that the pace of change in the other direction appears slower. Some law firms have started to beef up their filing and prosecution services, but examples are limited so far. "In Sweden, we have seen law firms that have always previously focused on the litigation side of the business hiring professionals with specific expertise in trademark filing," says Claes Agnvall, Manager Trademark & Legal Sweden at Zacco's office in Stockholm. "This highlights their intention to move further into the prosecution field."

There has been full competition between patent and trademark agencies and law firms in Sweden for a considerable amount of time. "But while many law firms are capable of providing filing and search services, they have tended not to promote actively this aspect of their work," says Berggren. "I think this is slowly changing and competition at all levels will increase."

Complete competition

The Danish and Swedish markets have always been relatively competitive. But competition in the field of IP services has been slow to take hold in Norway and Finland. "Ten years ago only five or six firms handled IP-related work," notes Felix Reimers, a partner at Grette in Oslo. "The market has moved on very quickly since then.



“ The Danish Patent and Trademark Office has already implemented staff cuts this year in response to reduced demand ”

Swedish search

Swedish practitioners are united in their criticism over the Swedish Patent and Registration Office's failure to implement a reliable online search tool. Most national EU offices and the Office for Harmonization in the Internal Market offer a free tool that allows users to search for any trademark. The results generally show an image of the mark as registered and the goods and/or services covered. However, the Swedish office provides only very basic information. Figurative elements are not displayed and there is no indication of the classification for goods and services. "If you want to have all this information, you must subscribe for a full search performed by the office," says Angvall. "The lack of an adequate online tool needs urgent attention in my view because it puts Swedish practice out of step with many other jurisdictions, which have professional and efficient search systems." Practitioners will be happy to know that the office is aware of the problem and is taking steps to update its electronic processes over the next year (see "Sweden" on page 37).

The fact that Norway and Iceland are not members of the European Union complicates the regional protection model somewhat. It also means that Norway receives far more trademark applications (including national filings and those filed via the Madrid Protocol) than its neighbours (see "Norway" on page 36). (It is also worth noting that the Community trademark (CTM) does not cover the Faroe Islands or Greenland either, despite both being members of the Kingdom of Denmark.) As far as filing strategies are concerned, the most popular for international businesses is to file a CTM application and then, depending on the needs of the company, a national or international one for Norway. "Of course, filing strategies differ from company to company, but a comparison of the number of CTM filings each year with the number of national Norwegian filings shows a huge disparity," says Reimers. "Statistically, it seems that many companies want EU-wide trademark protection but do not feel the need for protection in Norway."

Trademark offices

Although Norway is not an EU member state, The Norwegian Industrial Property Office's (NIPO) practice and the decisions of the Norwegian courts are heavily influenced by the Office for Harmonization in the Internal Market's findings and the case law of the European courts. Practitioners report that, in general, the Norwegian office's performance is of a high standard. "NIPO has worked hard to reduce the timeframe for examination and the results have been very positive so far. Registration now takes on average between three and six months," says Anne Wildeng, Manager Trademark & Legal Norway at Zacco's office in Oslo. The office obtained International Organization for Standardization certification last year for its various procedures. However, Reimers points out that opposition proceedings are relatively lengthy. "My experience is that an opposition can take around two years at first instance," he says.

The DKPTO is perhaps the leading office in the region in terms of practice. Trademark experts report that it examines applications rapidly. Publication is often possible within two months and the entire process, including the opposition period, can be completed in six months. "From our perspective, the Danish system is very efficient and we have no real complaints," says Graulund. "Quite the opposite in fact. I think the Danish office should be praised for its commitment to cutting costs and streamlining procedures."

The Swedish Patent and Registration Office (SPRO) is relatively efficient but struggles a little to live up to the standards set by the DKPTO. "In the main, expertise at the Swedish office is high," says Angvall. "However, my impression is that the levels of knowledge and professionalism are superior at the Danish office than at the SPRO."

According to Airaksinen, the National Board of Patents and Registration (NBPR) in Finland must look to reduce the timeframe for its first office actions. "In the past it took around three to four months, but now nine months is the average," he says. There are signs that things are improving, but Airaksinen would like to see delays reduced to well below the priority term. Practitioners also report that the NBPR's Board of Appeal, which hears first instance appeals, seems to be prioritizing patent cases. This has a knock-on effect on the time and resources it can devote to trademark actions. "An opposition appeal can take up to three years," complains Airaksinen. Despite such criticism, the office has been praised for an innovative scheme to boost protection for well-known marks.

Around 18 months ago the Finnish office established a list of marks with a reputation (see "Finland"). "I think this is unique within the European Union and is certainly of assistance to brand owners," says Airaksinen. "However, it does not have any binding effect and is for information purposes only. It took almost a year for

Finland

National Board of Patents and Registration (NBPR)

Bija Nuorlahti-Solarmo

Vice president, director of trademarks and designs

Organization

The Trademarks and Designs Line of the NBPR is divided into the following three units:

- administrative, which takes care of, for example, general legal matters, budgets and IT issues;
- client and marketing; and
- handling, which deals with applications and maintaining the register, as well as opposition matters.

The Trademarks and Designs Line employs around 50 staff, 10 of whom are examiners.

Practice

The Trademarks and Designs Line examines on both absolute and relative grounds and can reject an application on both grounds. It also conducts preliminary examinations on the registrability of trademarks. Such examinations are subject to a charge. Oppositions are handled after registration.

Basic fees

The basic fee for an application, which includes three classes, is €215. Each additional class costs €80. An opposition fee of €215 came into effect on January 1 2009.

Average time to registration

The average processing time at present is a little over five months.

Online applications

By the end of 2007 over 30% of all national applications were filed online. Online filing does not influence the processing time.

Other tools

The Trademark Register can be searched online free of charge. The NBPR established in 2007 a database for trademarks with a reputation. The list, which is in a database separate from the Trademark Register, is designed to serve commerce and industry, agents, and all other stakeholders that need information on reputed marks. The list is helpful when conducting preliminary examinations or tests of confusing similarity of trademarks. It is hoped that it will help to prevent trademark disputes. The list is available to view at http://www.prh.fi/en/tavaramerkkit/P_25.html.

Challenges

At the moment it is too early to say what kind of effects the economic crisis might have on the number of applications or the NBPR's budget.

Statistics	2007	2008
Number of national trademark applications	4,133	4,470
Number of national registrations	2,825	3,276

Source: NBPR



Left to right
Jeppe Brogaard Clausen and
Christina Berggren are partners
 at **MAQS's** offices in **Copenhagen**
 and **Gothenburg** respectively

Iceland

Icelandic Patent Office (IPO)

Ásdís Kristmundsdóttir

Head of department, Trademarks & Design Division

Organization

The Trademarks & Design Division employs seven trademark examiners

Practice

The Trademarks & Design Department examines trademark applications on both absolute and relative grounds. Marks which fulfil the conditions of the Trademarks Act are registered and published in the *Patent Gazette*. Oppositions against registration may be filed within two months of publication.

Basic fees

The basic application and registration fee, which includes one class only, is Ikr17,700. Each additional class costs Ikr3,500.

Average time to registration

Around 71% of national applications filed in 2008 were registered within six months or less and 60% of international registrations received via the Madrid System were published in the monthly gazette within six months or less.

Online applications

The IPO does not yet offer online filing of applications. However, preparations are underway and it is expected that the IPO will be able to accept applications online by 2010.

Other tools

The IPO will launch a new webpage (www.els.is) in March 2009. International applicants will have all necessary information in English regarding the IPO. Applicants will also be able to search the IPO's database for all published trademarks that are valid.

Challenges

In the wake of the economic downturn, the IPO has seen a fall in the number of applications filed. The IPO will monitor closely the situation and take action accordingly.

Statistics	2007	2008
Number of national trademark applications	1,466	1,205
Number of national registrations	1,369	1,275

Source: IPO

the first marks to be accepted onto the list and it will take another year or so before we see whether it has a significant effect." The stated aim is to boost recognition of well-known marks in general. Evidence demonstrating that a mark is well known should be substantive and should relate directly to the Finnish market. Evidence can include the results of surveys and proof of widespread use in Finland over many years.

The courts

Specialization is an essential element of IP rights protection. Strong protection is achievable only by experts, whether they be lawyers or judges. While certain divisions within the various Nordic courts are set up to handle IP disputes (and do so successfully), the level of IP specialization differs quite considerably between jurisdictions.

There are no specialist IP courts in Sweden, although the introduction of courts dedicated to handling commercial disputes concerning intellectual property, market law and competition law is currently under discussion at various levels. Under the Swedish system, any district court can try a design case or an action involving a national mark. The Stockholm District Court has exclusive jurisdiction over cases involving CTMs and patents. "The courts look at a wide variety of cases and at present IP actions are seen as lower priority. Therefore, they tend to be bumped down the hearing list," observes Berggren. "This can lead to delays that would be avoided if specialist courts were in place." Improving the efficiency of the court system with regards to intellectual property

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Below, left to right

Tuukka Airaksinen is a partner at **Benjon** in Helsinki and **Felix Reimers** is a partner at **Grette** in Oslo



is a key challenge for Sweden. Berggren feels that IP cases must be given the recognition they deserve and must not be held up because of a lack of judicial expertise.

In Finland, trademark and patent cases are heard by a specific division of the Helsinki District Court. However, practitioners feel that the division cannot really be considered as specialized in IP matters since it also handles many other types of civil litigation. There is a rotation system in place, meaning that judges move between divisions every few years. This makes it difficult to specialize. "Quality of decision-making depends on the expertise of the judge hearing the case," notes Airaksinen. "There are limited numbers of IP expert judges in Finland and more needs to be done to encourage specialization."

In both Finland and Sweden, trademark infringement cases involving unfair competition can be brought before so-called market courts. However, such courts will not directly examine any trademark infringement aspects of an action. So if a case involves both trademark infringement and unfair competition, the rights holder must choose whether to bring the unfair competition aspect before the relevant market court or whether to bring the trademark infringement arguments before the district court. "The fact that you cannot combine a trademark infringement action and an unfair competition claim in one suit is a real problem," says Berggren. "The end result could be completely different in each case."

Norway has an equivalent to the Finnish and Swedish market courts – the Committee for the Control of Unfair Competition. However, Reimers explains that a key difference exists between the Norwegian procedure on the one hand and the Finnish and Swedish systems on the other. "The rulings from this Norwegian body are not legally binding," he says. "Nonetheless, in practice the levels of compliance are high."

Trademark cases in Norway are handled in the same way as any other type of action and must, in principle, be filed at the legal venue of the infringing party. However, cancellation actions and invalidity suits should be filed with the Oslo City Court, as such cases require a higher level of expertise. "Interestingly, the parties may request the appointment of lay judges to sit alongside the professional judge," notes Reimers.

A similar system is in place in Denmark; however, Danish court procedure is far more flexible as a whole than any of the other jurisdictions. The Maritime and Commercial Court in Copenhagen deals with all trademark and unfair competition matters, as well as all design and patent cases. "The court is made up of a panel of three judges," explains Clausen. "One full-time judge who is a legal expert will sit alongside two other part-time judges with a commercial

Norway

Norwegian Industrial Property Office (NIPO)

Tormod Nilsen

Deputy director, Trademark Division

Organization

The Trademark Division of NIPO is organized into three sections:

- Section 1 has 10 examiners who handle national trademark applications;
- Section 2 has 10 examiners who handle international trademark registrations (via the Madrid Protocol); and
- Section 3 consists of 20 lawyers who deal with *ex officio* refusals, oppositions and other legal matters.

Practice

NIPO performs relative grounds examination.

Basic fees

The basic fee for an application, which includes three classes, is Nkr2,300. Each additional class costs Nkr650.

Average time to registration

Over the past two years, NIPO has cut the time taken to register a mark from an average of between six and eight months to three months where no *ex officio* refusal is issued or opposition filed. When an opposition is filed it will take 10 months for a decision to be made. This will be reduced to three months by the end of this year.

Online applications

About 30% of national trademark applications are filed electronically. Online applications are not processed any quicker than paper applications.

Other tools

NIPO has an online public database of all trademark applications and registrations which is available from its webpage (www.patentstyret.no). Any type of letter can be filed electronically with NIPO.

Challenges

The office has not yet felt any impact from the global economic downturn. It received around the same number of applications and level of income in 2008 as for previous years. Nevertheless, it is ready to face a new economic reality this year.

A new Trademark Act will come into effect at the end of 2009. NIPO will have to prepare its staff and customers for the relevant changes to the rules.

Statistics	2007	2008
Number of national trademark applications	6,640	6,465
Number of national registrations	5,971	5,758

Source: NIPO

Swedish Patent and Registration Office (SPRO)**Helena Morgonsköld**

Head of department, Designs and Trademarks Department

Organization

The Designs and Trademarks Department is organized into three units made up of both examiners and legally qualified personnel. Each section consists of around 20 members of staff.

Practice

The SPRO performs relative grounds examination.

Basic fees

The basic application and registration fee, which includes one class only, is Skr1,700; this is reduced to Skr1,300 when the application is filed electronically. Each additional class costs Skr800 (or Skr600 online).

Average time to registration

If there is no obstacle against registration, the process takes an average of nine weeks.

Online applications

Around 70% of applications are filed online. As indicated above, such applications attract lower fees.

Other tools

The trademark database is available online. The SPRO is aware that the search function has been the subject of criticism and it is planning to update the tool so that customers can see, for example, the classification of goods and services. The search tool will be similar to those tools offered by the Office for Harmonization in the Internal Market and other national offices in the European Union. The update will likely come into effect during the first half of 2010.

Challenges

Relative grounds examination may be abolished in Sweden in the near future. This would, of course, require a change of practice at the SPRO.

It is too early to say what impact (if any) the global economic crisis has had on the SPRO.

Statistics	2007	2008
Number of national trademark applications	11,310	11,666
Number of national registrations	7,447	6,720

Source: SPRO

The European Free Trade Association (EFTA) Court, based in Luxembourg, corresponds to the European Court of Justice (ECJ) in matters relating to the EFTA states, of which both Iceland and Norway are members (Liechtenstein and Switzerland complete the group). In terms of trademark issues, the EFTA Court can give advisory opinions to courts in the EFTA states on the interpretation of European Economic Area (EEA) rules. At any stage, a court in Norway can ask the EFTA court to consider a specific question of law.

In 2008 in joined cases involving L'Oréal (Case E-9/07 and E-10/07) the EFTA court issued an important ruling closing a gap between EFTA practice on parallel imports and the EU regime. The court departed from its previous opinion allowing global exhaustion and instead followed ECJ case law, which imposes a rule of regional exhaustion within the EEA. This means that parallel imports are allowed only for products that have been put on the market inside the EEA by the mark owner or with its consent. The parallel import of products put on the market outside the EEA area is no longer permitted in EFTA states.

background. The latter could be the managing director of a large company or a designer, depending on the facts of the case." The combination of technical and commercial know-how usually leads to well-reasoned decisions in relation to trademark matters.

The courts in the region differ in their approaches when it comes to enforcing rights at a preliminary level. While actions such as preliminary injunctions and orders allowing searches to secure evidence are available across the region, as they are provided for under EU legislation, there are marked divisions in practice. "Such actions are far more commonplace in Denmark than in the rest of the region thanks to the former's flexible approach to enforcement," says Clausen. "The courts in Finland, Norway and Sweden demand a relatively high amount of security before any action can be initiated, whereas Danish courts are happy to examine the amount of security needed after proceedings have commenced."

Damages and costs

In terms of damages awards, Denmark again leads the way. However, damages awards from courts across the region tend to be on the low side. "Most rights holders would be happy to receive €10,000 to €20,000 damages in a trademark infringement case," comments Airaksinen.

On February 25 2009 Sweden's Parliament finally passed the bill that will implement the EU IP Rights Enforcement Directive (2004/48/EC). This means that the law should come into force on April 1 2009 – three years behind schedule (for more on the directive see "Enforcement Directive divides opinion" on page 50). "It will be interesting to see what impact, if any, it has on damages when it comes into effect," says Berggren. "The current levels are very low compared to some of the other jurisdictions in Europe."

Experts on
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According to Clausen, of the main jurisdictions in the region, Norway offers the lowest amount of damages, followed by Sweden, Finland and then Denmark. "But in terms of costs awards, Finland and Sweden probably lead the way, as the courts will order the losing party to pay all the actual costs of the winning party," he says. "This is not the case in Denmark where merely a percentage of the costs will be awarded." Foreign clients are regularly left frustrated by the low level of costs granted in Denmark and Norway, which account for only a fraction of the actual costs incurred."

What next for the Nordics?

The Nordic markets are becoming more professional and increasingly competitive. Denmark and Sweden have set the pace over the years, but Finnish firms are now taking a more aggressive approach to expansion and are looking to capitalize on their larger neighbouring markets. Changes in Norway are perhaps coming at a slower pace. However, Reimers reveals that it will implement a new Trademark Act soon. "I doubt whether it will come into effect this calendar year, but it's likely to be enacted at some point in 2010," he says. Although Norwegian law is already largely compliant with EU legislation, the new law may help Norway to strengthen further its IP rights protection regime and help it to shake its reputation as a "soft touch" on IP infringement.

Further progress will come with the eventual removal of relative grounds examination across the entire region. "Abolition of examination on relative grounds remains a key concern for Swedish

Abolition of examination on relative grounds remains a key concern for Swedish practitioners

practitioners," confirms Angvall. "We have been discussing this for almost 10 years now, but I think there is some light at the end of the tunnel at last." In addition, implementation of the EU IP Rights Enforcement Directive in Sweden will be welcomed by rights holders.

Brand owners may also see a benefit in taking a regional approach to IP protection across the Nordic countries. More and more firms are able to provide cross-border support in the region. "MAQS feels that this approach gives it a clear advantage," says Clausen. The same could also be said of Zacco. "Being able to offer specialist advice from offices in Denmark, Sweden and Norway certainly helps differentiate us," says Graulund. "But this is secondary to the fact that our clients increasingly require and demand high-quality, efficient and cost-effective services which we are able to offer through the pooling of cross-border know-how and resources." The challenge for firms seeking to emulate this approach is finding the right partners, as to serve the interests of their clients firms will need to have a high level of IP specialization in all the countries. WTR

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