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IP Newsletter
Intellectual Property,
Entertainment Law and
Information Technology
Specialist Group

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Greetings!

Consulegis is an international association of independent law firms comprised of more than 95 prominent law firms, with over 140 offices in 39 countries worldwide. The Intellectual Property, Entertainment Law and Information Technology Specialist Group of Consulegis has member firms representing 17 different countries.

We hope this Newsletter will be informative for both lawyers and non-lawyers.

Please contact us if you would like to receive further information on Consulegis, our Specialist Group, or how to obtain specialized assistance from any of our members.

Best regards,

Jeffery J. Daar
Chairperson
Consulegis Intellectual Property, Entertainment Law
and Information Technology Specialist Group

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TRADEMARK COUNTERFEITING PROOF REGARDING COMMUNITY LAW AND ESPECIALLY FRENCH LAW

By Lilyane Anstett Gardea

Trademark counterfeiting is of various forms: one is reproduction of the trademark on a good identical to the good produced by the proprietor.

This counterfeiting form enables its authors to try to assert that the goods concerned are genuine, in order to escape infringement.

- a. Genuineness evidence of the goods asserted to be counterfeiting

The proprietor of the trademark rights does not have to prove that the good is not genuine to sue.

As his is the plaintiff, he should have to prove that the good asserted to be counterfeiting is not genuine.

But in fact, according to the Law and the Courts, the counterfeiter has to prove the alleged genuineness because the trademark proprietor has an exclusive right on the trademark and its use by a third person needs to be authorized.

This state of the right still imposes that any buyer had to be ensured of the authorization of the proprietor setting in the trade.

The proof is free, but this proof has to be undeniable. Failing this, counterfeiting is retained as the eventual good faith is not exonerating.

The best is to prove the origin of the good by the supplying invoice from the proprietor of the trademark or from a person duly authorized by him. The origin has to be undeniable.

This proof could still be satisfied by the comparison in front of the Court between the good asserted to be counterfeiting and the genuine good, but this comparison suffers from approximation

Moreover, the refusal to make known the supplying sources constitutes an unfair competition fault when the marketing of the goods is assured by a selective distribution network for example.

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b. Exhaustion of the trademark proprietor's rights

If proved that the good is genuine, it must have been set in the trade of the European Union or the European Economic Space, for the first time by the proprietor of the trademark or with his agreement. Failing this, the proprietor of the trademark rights has a right to control the product until the final client, as the good is a counterfeiting.

No international exhaustion of the right on the trademarks exists. Thus, a good set in the trade for the first time in China for example or in the USA by the proprietor of the trademark cannot be imported in the EU or in the EES without his agreement.

The proof that the good has been set in the trade of the EU or the EES by the proprietor of the trademark or with his agreement must be done by the party, which prevails itself of this rule.

The required proof has to be brought for each concerned good and not for each batch, or series of identical goods.

Only the first commercialization in the EU or the EES by the proprietor of the trademark or with his agreement exhausts the rights of the proprietor.

*“The proprietor
of the trademark
rights does not
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Consulegis Autumn Meeting 2005 — Los Angeles, California

E-COMMERCE LAW IN SPAIN

By Dr. David Elvira

Provisions governing electronic commerce have been incorporated into Spanish law through the Law 34/2002 of 11 July on Information-Society and Electronic-Commerce Services.

Although, in principle, the law simply involved transposing the European Directive on electronic commerce into domestic law, it in fact involved something more than that.

Among its most noteworthy aspects for an international forum is that the Law is compulsory for all companies established in Spain. The criterion used to determine whether or not a company is established in Spain, lies in whether it has a permanent establishment in the territory of Spain. However, the law goes beyond this and brings in a clear case of extra-territorial application: the law also applies to companies located outside Spain and the European Union when they operate through the Internet and aim their services specifically at the territory of Spain.

The law lays down a number of duties making information available both before and after the execution of contracts in the B2C sphere, in order to provide protection for consumers and to assure them of access to the relevant information on the contract and its execution. Failure to comply with the law's legally binding duties is a punishable offence.

Thus companies located outside Spain and pursuing business aimed at clients in Spain through the Internet must make sure they are complying with this law in order to avoid incurring the penalties set down in it.



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LAW DELAYS FOR COPYRIGHT, BUT NEW ANNOUNCEMENTS FOR PATENT AND CORPORATE LAWS (GERMANY)

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A short update and a new approach. Contrary to the announcement in last newsletter's article "A first step has been made" - with remarks on the first part conversion of a EU Directive into German national copyright law (named: Basket 1 – "Korb 1")-, the second part of the amendments (Basket 2 – "Korb 2") have so far not been implemented in the German Copyright Act ("Urheberrechtsgesetz" - UrhG). Those include issues not stipulated to be converted within a certain time period, which are

- retaining the general right on a private copy (also digital ones)
- restrictions for private copies through copyright protection measures
- flat rates as compensation for private copies
- level and extent of the aforementioned flat rates
- unknown exploitation methods and opening of archives
- special rights for the film industry and
- new regulations for libraries

Currently the first introduced "Consultants Draft" is discussed with and between the broad public. The results will be included in the so called 'Governance Draft', which should have been published already and is now expected to be released any day. Therefore, a more detailed lecture about Basket 2 has to be postponed.

Instead, the following two, but hereof irrespective bills have been recently announced:

A Consultants Draft regarding the change of the opposition proceedings in patent cases as well as an adjustment of court and proceeding fees until July 2006. To advance proceedings a hearing at the patent office shall take place, if requested by one of the parties. Further, the possibility to divide patents shall be deleted and a decision by the Federal Patent Court can be appealed for, if the proceedings take unreasonably long.

Secondly, even though not belonging to the typical area of expertise set under this newsletter, a Governance Draft has been released, which wants to reduce - from January 2006 on - the minimum capital stock for German limited liability companies ("Gesellschaft mit beschränkter Haftung" – GmbH) from € 25,000 to € 10,000. If this bill will become law (depending on the major elections in Germany this fall), it could be interesting for new formations of companies and capital investments.

TECHNOLOGICAL PROTECTION MEASURES ON CD'S . . . EPISODE II

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As mentioned in the previous article (Consulegis IP Newsletter, April 2005, p. 2), the claim of the Belgian consumer's association Test-Achats against 3 of the 4 music majors with regards to the use of technological protection measures on CD's which prevent to make private copies of the CD's, has been rejected by the Court of First Instance of Brussels, on May 25, 2004.

Test Achats appealed this decision. The case was pleaded before the Brussels Court of Appeal a few months ago.

In the meantime, in France, the Court of Appeal of Paris rendered its decision in a similar case (in relation to the DVD of David Lynch's film "*Mulholland Drive*") and, surprisingly, reversed the decision taken by the Court of First Instance of Paris in this case, which had ruled in favour of the technological protection measures.

In its decision, dated April 22, 2005, the Court of Appeal of Paris first acknowledges that the possibility to make a "private copy" is not a right but an exception. However, the Court of Appeal of Paris rules that the use of technological protection measures preventing to make private copies constitutes a fault and that the consumers who are prevented from making private copies, suffer a prejudice and are entitled to a financial compensation.

The Court then prohibits the use on the DVD *Mulholland Drive* of technological protection measures which could prevent the consumers to make a private copy.

The decision of the Court of Appeal of Paris is not consistent and a Supreme Court appeal may be expected ... Moreover, the French Copyright law should be amended soon, and the question of the use of technological protection measures should receive a legal answer in the new Copyright Act.

Test-Achats relied on this decision to ask for a re-opening of the debate in Belgium. The court decided on 9 September last. It first declared the request for re-opening of the debate not grounded and secondly declared the appeal of Test-Achats not grounded. The court considers that the possibility to make a private copy is included in the copyright law under art. 22 § 1, 5° as an exception to the copyright of the copyright holder and that this exception cannot be nor become a copyright.

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The exception of private copy can therefore not ground an action against a pretended infringement of a copyright, the infringement being the use of technological measures.

In the meantime, the Belgian Copyright Act has been amended (by the Act of May 22, 2005), to comply with the provision of the European Directive 2001/29 related to the harmonization of copyrights in the information society, and the Belgian Copyright Act now foresees that technological measures are authorized. The King may however impose to producers to take the necessary measures to allow consumer to make private copies. Also, the new legal provisions foresee that the technological protection measures cannot prevent consumers to use the protected works *“pursuant to their normal destination”*. The question then is whether making a private copy is a *“normal destination”*?



Resolution recognizing Consulegis by the City of Los Angeles on October 19, 2005.

INTERNET DOMAIN NAME DISPUTE RESOLUTION — A PRIMER

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Internet domain names are regulated by the Internet Corporation for Assigned Names and Numbers (ICANN), which is responsible for managing and coordinating the [Domain Name System](#) to ensure that web addresses are unique and that all users of the Internet can find valid addresses. It oversees the distribution of unique IP addresses and domain names, and ensures that each domain name maps to the correct IP address. Anyone who wishes to register a domain name utilizing a covered top-level domain name (“TLD”) signs an agreement through its registrar to conform to, comply with and be bound by all of ICANN’s policies and rules. Among those are the Uniform Domain Name Dispute Resolution Policy and its attendant Rules which provide for the arbitration of all domain name disputes which utilize the .biz, .com, .info, .name, .net, and .org TLDs through one of four designated providers, i.e., World Intellectual Property Organization (Geneva, Switzerland), National Arbitration Forum (Minnesota, USA), CPR International Institute For Conflict Prevention and Resolution (New York, USA) and Asian Domain Name Dispute Resolution Centre (Hong Kong/Beijing, PRC).

All domain name owners must agree, as a condition to registration, to submit to non-binding arbitration with respect to any claim that the registered name violates the trademark rights of a third party. The process is a very streamlined one, almost always determined on document submissions only without in person hearings, and can be concluded within two months. If successful, the result will be an order to cancel the domain name or transfer it to the complainant. This can be a rather effective, cost efficient and expeditious way to achieve at least a partial objective. However, there are several material *caveats*, i.e., (a) the standard and the consequent burden of proof are rather high, (b) even if successful the non-binding decision will not be implemented if an action in any competent court is initiated within 10 business days (no injunction or stay of the decision is needed, rather only evidence that the court action was started), and (c) irrespective of the outcome, either party may proceed in court *de novo* on its substantive rights without the arbitration result having precedential impact (and, as noted above, if commenced within 10 days of the decision, the same will automatically stay the implementation of the Panel’s decision).

To be successful, the complainant must prove each of the following elements prescribed by Rule 4(a): (i) the domain name is identical or confusingly

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similar to a trademark or service mark in which it has rights; and (ii) the domain name owner has no rights or legitimate interests in respect of the domain name; and (iii) the domain name has been registered **and** is being used in bad faith. Although these elements seem clear, the third element has an inherent anomaly within the Rules. While it appears on its face that there is to be proven not only a bad faith **use** of the domain name, but also a bad faith **registration**, the immediately following Rule 4(b) provides, in pertinent part, as follows: “For the purposes of [Paragraph 4\(a\)\(iii\)](#), the following circumstances, in particular but without limitation, if found by the Panel to be present, **shall be evidence** of the **registration and use** of a domain name in bad faith: . . . (iv) by **using** the domain name, [the respondent has] intentionally attempted to attract, for commercial gain, Internet users to [its] web site or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of [the domain name owner’s] web site or location or of a product or service on [its] web site or location.” It would then appear that the conjunctive criteria can be met by an improper use.

We had a situation recently wherein a formerly authorized distributor of trademarked products under a written distribution agreement, originally operated a website with the trademark owner’s consent. However, when the distribution agreement expired, and despite the protests (and litigation) by the trademark owner, the domain name owner defiantly continued to operate its website and sell the trademarked goods, violating both the owner’s and the new distributor’s rights. We were inexplicably unsuccessful in the proceeding when the arbitrator clung to the precise language in Rule 4(a)(iii) and apparently ignored Rule 4(b).

It should be noted that the complainant can choose the arbitration forum from the four above identified. Each has supplemental rules which must be followed, and each has an independent list of panelists from which it selects a Panel. Of note is the fact that decisions are published in various places, including the provider’s website, but, as in most arbitration, neither previous awards nor judicial decisions in any jurisdiction will mandate the result in any proceeding. Clearly it would be prudent to avoid a provider which has administered a case very similar to the one to be initiated and which resulted in a contrary result.

In summary, ICANN provides a useful though somewhat problematic tool in seeking to resolve domain name disputes. If successful, the aggrieved complainant becomes the owner of the domain name and the attendant benefits of its links, listings on search engines, etc. This is a very positive accomplishment. However, before undertaking any such proceeding the facts need to be thoroughly analyzed to be certain the essential elements are clearly sustainable, and the efficacy of proceeding under the Policy must be considered carefully after evaluating the nature and intentions of the domain name owner.

“All domain name owners must agree, as a condition to registration, to submit to non-binding arbitration with respect to any claim that the registered name violates the trademark rights of a third party.”



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WELL-KNOWN TRADEMARKS IN TURKEY

By Cengiz Soylemezoglu

Scope of the protection provided to Trademarks That Are Well-Known in Terms of International Law is larger compared to other trademarks. Well-known trademarks have become a first time subject to Paris Convention. According to Paris Convention “The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.”

Paris Convention does not define the concept of “well-known” trademark. It is acceptable that, even if not world renowned, trademarks which are known by anyone abroad or domiciled and are under the proprietary of a citizen, or commercial or industrial entity, which are residing at a country being a member of Paris Convention, will be considered as a well-known trademark under such Convention.

Draft text for “Protection of Well-Known Trademarks” prepared by the “Well-Known Trademark Expert Committee” under the World Intellectual Property Organization (WIPO) says it will be enough to be considered as a well-known trademark, if a trademark is known in its protected area and the environment related to such area as a well-known trademark.

In terms of Turkish Law, well-known trademark is not defined in Statutory Law No. 556 (KHK No. 556). According to Article 7/I of such Statutory Law, well-known trademarks that are not permitted by its owner will not be registered as a trademark according to 1st repeated Article 6. Definition of well-known trademark is made in the doctrine on the basis of Paris Convention. According to that, trademarks that are known by everyone in Turkey are required to be accepted as a well-known trademark in order to mention a well-known trademark in accordance with the definition in Paris Convention. A trademark that is known abroad but unknown in Turkey cannot be considered as a well-known trademark pursuant to Article of 7/I. In contrast, only a trademark known in Turkey is a well-known trademark under said provision. Besides, if a trademark known in Turkey is protected in a country member to Paris

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Convention, products bearing such trademark or, even if not supplied in Turkey, said trademark will benefit from the protection provided under Article 7/I.

Pursuant to Article 7/I of Statutory Law, a well-known trademark is not required to be registered in Turkey for rejecting a registration request without obtaining permission from owner of such well-known trademark. Well-known trademark, even if not registered in Turkey, cannot be registered for goods and services similar or identical to such trademark. Such ground for final rejection set out in the Statutory Law for well-known trademarks will be also valid for utilizing the same well-known trademark in different goods and services? According to Paris Convention, it is acknowledged that the registration of a well-known trademark for different goods and services under the scope of Article 7/1 cannot be prevented, since a trademark which everybody know to be owned by one particular person is prohibited from registration on behalf of others for same or different products. Rejecting a request for registering a well-known trademark for different goods and services is counted among relative grounds of rejection. Well-known trademark will not be used for different goods and service, if such possibilities as unjust benefiting due to level of public reputation achieved by the trademark, causing harm to the trademark's reputation because of such registration or causing certain results which may be harmful against the trademark's distinctive character, are to arise. If an unknown trademark is only known in the relevant environment, it may be deemed that the level of reputation sought by the law is met. Besides, a trademark known under Paris Convention is not required to register in Turkey in order to be protected in terms of relative grounds of rejection.

A registration request for a well-known trademark is not sufficient to prevent a well-known trademark from being registered for different goods and services. Such possibilities as unjust benefiting due to level of public reputation achieved by the trademark, causing harm to the trademark's reputation because of such registration or causing certain results which may be harmful against the trademark's distinctive character, must occur in order to reject a well-known trademark registration request for different goods and services. In such a case, Turkish Patent Institute should ex officio consider a well-known trademark registration request for different goods and services as a ground for final rejection, taking into account the case's character to the extent required conditions are met.

*A trademark
that is known abroad
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well-known
trademark”*



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OBTAINING STRATEGIC INJUNCTIONS AGAINST INFRINGERS OF U.S. PATENTS

By Jeffery J. Daar

Holders of patents in the United States often ask if preliminary injunctions are available as a remedy against an alleged infringer of the patent. The answer to this question is “yes.” In fact, a strategic preliminary injunction can be a powerful tool to enjoin an infringer from, for example, making, using, selling, distributing, importing, or offering for sale any product that infringes the patent.

The party seeking a preliminary injunction bears the burden to prove: (1) a reasonable likelihood of success on the merits, both with respect to validity of the patent and with respect to infringement of the patent, (2) irreparable injury if an injunction is not granted, (3) the balance of hardship tips in its favor, and (4) the injunction has a favorable impact on the public interest. No single factor, taken individually, is definitive. Each factor is weighed by a court in view of the other factors and against the relief requested. A patent holder can seek and, if appropriate, obtain a preliminary injunction relatively quickly after filing a patent infringement lawsuit.

The patent holder is entitled to a presumption that the issued patent is valid. The burden of going forward with evidence and the ultimate burden of persuasion of invalidity at trial is on the alleged infringer. However, at the preliminary injunction stage, the alleged infringer may need only to raise a substantial question that the patent is invalid, which requires less proof than the clear and convincing evidence standard required at trial.

The court will presume irreparable injury exists when there is a clear showing of patent validity and infringement has been made. As to the public interest factor, there is a strong public policy favoring the enforcement of patent rights. Essentially, the public interest analysis is whether there exists some critical public interest that would be injured by the grant of the preliminary injunction.

If successful in obtaining a preliminary injunction, proper security (typically a bond) will be required to be provided by the patent holder to cover costs and expenses that may be incurred or suffered by any party who is found to have been wrongfully enjoined. The amount of the security is determined by the court.

After a preliminary injunction is issued, the patent infringement lawsuit continues. Generally, if the patent holder prevails at trial the preliminary injunction becomes a permanent injunction. If the alleged infringer prevails at trial, the preliminary injunction is dissolved.

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Another source of relief for the patent holder is available through the International Trade Commission (“ITC”) when the source of the infringing products is outside of the United States. The ITC can keep infringing products out of the United States by exclusion orders preventing the importation of the products. Companies outside of the United States can obtain such relief as long as they do some manufacturing or research and development in the United States.

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Spring Conference and AGM in London

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