

Newsletter

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Global IP Newsletter

Trademarks

China - Amendments to the Trademark Law passed

The amendments to the Trademark Law of the People's Republic of China (the "Trademark Law") were recently passed by the Standing Committee of the National People's Congress on 30 August 2013, and will come into force on 1 May 2014. Among the significant changes introduced were:

- To improve certainty in the trademark registration system, a fixed statutory timeframe has now been introduced for procedures in both the China Trademark Office ("CTMO") and the Trademark Review and Adjudication Board ("TRAB"). Under the new Trademark Law, a straightforward trademark application (with no objections or oppositions raised) is expected to proceed to registration within 12 months from the date of application. That is, an examination period of nine months followed by an opposition period of three months.
- A two-pronged approach has been adopted to ease the burden on the CTMO and TRAB to meet the new timelines. In the first prong, an online trademark application system (which has until now been operating under a trial pilot program) and a multi-class application were officially introduced to reduce paperwork and streamline proceedings in relation to trademark applications. The second prong relates to opposition proceedings. The amendments impose certain limits on the parties who can file oppositions and the grounds for the same. Moreover, an opposed trademark will automatically proceed to registration once the opposition fails, and the opponent is no longer entitled to a right of appeal. This leaves invalidation proceedings as the only remedy to the unsuccessful opponent. Consequently, foreign trademark owners may wish to put a greater focus on opposition proceedings, to improve their chances of succeeding against trademark pirates.
- New provisions have also been introduced to combat the longstanding problem of "trademark squatting", where the squatters are often trademark agents trying to abuse the "first-to-file" system and make a quick profit. The new Trademark Law will impose duties of honesty, fidelity and confidentiality on trademark agents, and specifically prohibit them from making trademark applications outside the scope of their professional services, or in circumstances where they knew or should have known that the applications would infringe the prior rights of other parties. In addition, any application by a party who is aware of the existence of an unregistered trademark (due to the party's relationship with the trademark owner) will be refused upon opposition by the owner, provided that the trademark applied for is identical or similar to the

unregistered trademark, and used in relation to identical or similar goods and/or services.

- "Well-known trademarks" refer to a class of trademarks that are given enhanced protection under the Trademark Law. Nevertheless, the legal concept of a "well-known trademark" has been diluted over the years by the indiscriminate use of the term in advertising and marketing campaigns. The new law attempts to restore the sanctity of the "well-known trademark" status by banning the use of the term on products, product packaging or containers, or in advertisements, exhibitions and other commercial activities.
- Although the concept of consumer confusion has already been applied in practice by the Chinese courts, the new Trademark Law has now expressly specified it to be an element in determining whether there is trademark infringement in all cases other than trademark counterfeiting (i.e. using identical marks in relation to identical goods or services).
- The new Trademark Law clarifies that the use of a registered trademark or an unregistered well-known trademark in the name of a business entity will be dealt with in accordance with Chinese unfair competition laws, if such use misleads the public and causes unfair competition.
- The maximum amount of statutory damages that a Chinese court can order against the infringer has been increased from RMB500,000 to RMB3,000,000 (approximately US\$81,000 to US\$490,000), to alleviate situations where the trademark owner is unable to recover adequate compensation due to evidential difficulties.
- The defenses of prior use and non-use will also become available under the new Trademark Law. Therefore, an attack on the trademark registration for non-use could be launched as part of the defense in a trademark infringement action, and trademark owners should ensure that they have sufficient evidence to show that the trademark was used in China before commencing such proceedings.

The scope and application of the new Trademark Law are expected to be further clarified by a revised edition of the Implementing Regulations of the Trademark Law and accompanying Judicial Interpretations from the Supreme People's Court, which are due to be published before 1 May 2014.

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Switzerland - Parliament amended law on use of Swiss cross and geographic indications

On 21 June 2013, the Swiss parliament accepted the "Swissness" amendment which seeks to implement measures to effectively protect the "Made in Switzerland" designation and the use of the Swiss cross locally and abroad. The law provides for measures to determine which products or services can be labeled "Swiss". Among the most important changes of the revision include:

- The Swiss cross can now be affixed on the product itself (not, the Swiss coat of arms).

- For industrial goods, the percentage of manufacturing costs accrued in Switzerland must amount to at least 60%.
- Research and development costs have been added to the manufacturing costs of industrial goods but costs relating to distribution (e.g. packaging and marketing) are excluded.

In relation to natural products, the conditions to use the designation depends on the type of the product. For processed natural products such as cheese, at least 80% of the weight of the raw materials which make up the product and are available in Switzerland must originate from Switzerland. Penalties including fines and imprisonment will be imposed on those who improperly use the Swiss cross or the indication of origin. The ordinances relating to the "Swissness" revision is expected to take effect at the beginning of 2015.

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United Kingdom - Streamlined opposition procedures for trademark oppositions

On 1 October 2013, the UK Government introduced a fast-track trademark opposition procedure. This new procedure is intended to reduce costs and complexities and increase the speed at which businesses, in particular SMEs, can protect their trademarks. The main features are as follows:

- **Grounds of opposition:** Oppositions can only be based on grounds that there is an earlier trademark registration for identical or similar goods/services. The number of marks that an opponent may rely on is limited to three.
- **Evidence:** Where an opponent relies on marks which have been registered for over five years, proof of use is required and will need to be filed with the Notice of Opposition.
- **Decisions:** Decisions will generally be taken on the papers but oral hearings may be held via telephone where (1) either party requests this and the Hearing Officer believes it will be appropriate, or (2) the Hearing Officer requests it.

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Copyright

United States - Online service provider, Hotfile, found guilty of copyright infringement and refused DMCA safe harbor

On 28 August 2013, the US Court for the Southern District of Florida found Hotfile and its CEO liable for copyright infringement. The case was brought in 2011 by Disney Enterprises and other studios for the infringement of copyrighted work via Hotfile's website.

Hotfile operated a website that allowed registered users to take electronic files of any type stored on their computers or other accessible locations and transfer them to Hotfile's electronic storage system by uploading a copy of the file onto Hotfile's servers. Once a file is uploaded, the user automatically receives a unique URL link containing the file name. Hotfile did not provide an index or search function for the links but encouraged users to share the URL links by running an affiliate program which paid users to navigate potential downloaders to file locations.

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Hotfile relied on the safe harbor provisions set out in the Digital Millennium Copyright Act ("DMCA") which, in certain circumstances, provides immunity from copyright infringement for online service providers. One of the requirements is that the online service provider has implemented a reasonable policy to terminate users identified as repeat infringers. The Court, however, found that Hotfile had not fulfilled this requirement, therefore the safe harbor was not available. Without the benefit of the safe harbor the Court went on to discuss whether Hotfile was liable for copyright infringement. With regard to inducement and contributory infringement liability it was found that this would need to be decided by a jury. However, Hotfile was found to be vicariously liable and a summary judgment was granted. Further, Hotfile's CEO was also found to be personally liable. It has been reported that Hotfile has already made an appeal to the Eleventh Circuit.

The case is being reported as the first US case where such infringing sites have been directly liable for copyright infringement.

European Union - The term of copyright for sound recordings and performers' rights extended from 50 to 70 years in EU Member States

As of 1 November 2013, Member States of the European Union will be required to extend the copyright term for sound recordings and performers' rights from 50 years to 70 years, to comply with the EU Directive 2011/77/EU on the term of protection of copyright and certain related rights. The aim of the Directive is to provide performers' more protection in line with that already given to authors – 70 years after their death. The extended term will enable performers to earn money for a longer period of time and in any event throughout their lifetime.

Spain - New offense for providing links to protected works that are illegally offered on the Internet introduced

The Spanish government recently passed the Bill of Law amending the Criminal Code making it an offense to provide links to protected works that are illegally offered on the Internet. The new offense carries with it a potential penalty of six months and up to four years imprisonment. However a provision has been included to expressly exclude criminal liability of search engines: "the [provisions] shall not affect those that perform an act merely as technical intermediaries, for example, a neutral role such as that of a search vehicle for content or the mere occasional linking of such content to third parties."

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