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Recent Developments

RECENT DEVELOPMENTS IN TRADEMARK LAW

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This review covers selected noteworthy decisions of the Federal courts and the Trademark Trial and Appeal Board as reported in U.S.P.Q.2d, Vol. 31, No. 10 (September 12, 1994) through Vol. 32, No. 9 (November 28, 1994). This review also reports the recent granting of certiorari by the United States Supreme Court in Qualitex v. Jacobson. In addition, this review explains recent **\*126** developments in the trademark law of other countries focusing on new legislation and briefly updating the status of trademark law in Russia and in the other successor states to the former Soviet Union.

#### I. Recent Cases and Rulings in the United States

##### A. Polo Ralph Lauren Corp. v. Chinatown Gift Shop<sup>1</sup>

A plaintiff's allegations that a landlord knowingly failed to prevent tenants from selling counterfeit goods is held to give rise to a cause of action against the landlord for contributory trademark infringement.

##### B. In re Mavety Media Group Ltd.<sup>2</sup>

The Court of Appeals for the Federal Circuit (Federal Circuit) vacated and remanded the Trademark Trial and Appeal Board's (Board's) decision which had affirmed the examiner's refusal to register the mark "BLACK TAIL" for an adult entertainment magazine under 15 U.S.C. § 1052(a) as consisting of, or comprising, immoral or scandalous matter. The Federal Circuit criticized the Board's and the examiner's refusals which were based on a single dictionary definition of "tail" considered to be vulgar where the dictionary also included many non-vulgar definitions for "tail."<sup>3</sup>

The Federal Circuit gave the Board the following recommendation on how to proceed in the future on such cases:

The Board may seek to adduce factual support for its conclusion that the mark comprises immoral or scandalous matter, or simply pass the mark for publication to permit interested members of the public to demonstrate through an opposition proceeding that a substantial composite of the general public would consider the mark scandalous.<sup>4</sup>

##### C. In re Hines<sup>5</sup>

The examiner refused registration of the mark BUDDA BEACHWEAR as disparaging as contemplated under § 2(a) of the Trademark Act. The Board affirmed the refusal to register on the above stated ground.<sup>6</sup> On request for reconsideration, it vacated its prior decision and allowed the mark to pass to publication.<sup>7</sup>

**\*127** The Board's decision to allow the mark to pass for publication was dictated by the Federal Circuit's decision in In re Mavety.<sup>8</sup> For example, the Board stated as follows:

Thus, when the original decision in this appeal is reexamined with the benefit of the [Federal Circuit's] most recent views on these types of cases, it is imperative that the Board be careful to avoid interposing its own judgment for that of Buddhists.

....

... Lest the Board be similarly characterized here as being "armed with only personal opinions and [encyclopedia] sources," we now are persuaded to publish the mark for opposition.<sup>9</sup>

##### D. Nike Inc. v. "Just Did It" Enterprises<sup>10</sup>

The court held that where no claim for damages is made in an action for trademark infringement, the action is an equitable claim and therefore the defendant is not entitled to a jury trial.<sup>11</sup>

#### E. Cleary v. News Corp.<sup>12</sup>

The plaintiff, Cleary, sued the defendants under 15 U.S.C. § 1125 for, *inter alia*, alleged misattribution of his work and unfair competition. The district court granted summary judgment in favor of all defendants on all counts.<sup>13</sup>

Cleary brought suit because his name was not included as an author of the most recent edition of Robert's Rules of Order. He had assisted in the 1970 edition of the book and was listed on the title page as having assisted the author. The work was republished in 1980 and Cleary was again given credit. In the most recent version, published in 1990, the title page omitted him as an author.<sup>14</sup>

The plaintiff argued that the “defendants violated § 43(a) when they removed his name from the title page....”<sup>15</sup> The court held that the defendants had no obligation to provide the plaintiff with title credit for his work because he had signed a contract containing a “work for hire” clause.<sup>16</sup>

The plaintiff alternatively argued that even if he contracted away his right to attribution, the Lanham Act nevertheless protected him against misattribution.<sup>17</sup> The court noted that “failure to attribute authorship to a co-author resulting in only partially accurate designation of origin \*128 constitutes reverse palming off within the ambit of § 43(a).”<sup>18</sup> The court, however, distinguished this case by indicating that none of the cases relied upon by the plaintiff involved a “work for hire” contract clause.<sup>19</sup> In addition, the court observed that the plaintiff could not establish the elements of reverse palming off as defined in the Ninth Circuit and therefore granted summary judgment in favor of the defendants.<sup>20</sup> The court also took notice that while Cleary was omitted from the title page, the plaintiff’s contribution was accurately mentioned in the introduction to the 1990 edition.<sup>21</sup>

#### F. Brunswick Corp. v. British Seagull Ltd.<sup>22</sup>

The Mercury Marine Division of Brunswick Corp. (Mercury) appealed the decision of the Board refusing to register the color black as a mark for Mercury’s outboard motors. Mercury sought registration under 15 U.S.C. § 1052 claiming “that the color black, while not inherently distinctive, [had] acquired secondary meaning and served as a trademark for Mercury’s outboard engines.”<sup>23</sup> The Board concluded that the color black was *de jure* functional and affirmed refusal of registration. In reaching its decision, the court noted the distinction between *de facto* functional features and *de jure* functional features as follows: “*De facto* functional means that the design of a product has a function, i.e., a bottle of any design holds fluid. *De jure* functionality, on the other hand, means that the product is in its particular shape because it works better in this shape.”<sup>24</sup>

The court found that the Board had a basis for its finding of *de jure* functionality, i.e., competitive need.<sup>25</sup> In fact, the court noted that “the ‘crux’ of the distinction between *de facto* and *de jure* functionality—determining eligibility for trademark protection or not—is a design’s effect on competition.”<sup>26</sup>

The court found no errors in the Board’s findings that the mark was *de jure* functional. The court based its conclusion on the following findings:

All outboard engine manufacturers color their products. These manufacturers seek colors that easily coordinate with the wide variety of boat colors. The Board found that the color black served this non-trademark purpose. In addition, the Board found that the color black serves the non-trademark purpose of decreasing apparent object size. The record showed that these features were important to consumers. Unlike the pink color in Owens-Corning, the Board found a competitive need for the color black. Thus, the Board concluded that registration of Mercury’s proposed mark would hinder competition. This court discerns no clear error in the Board’s findings.<sup>27</sup>

\*129 G. DowBrands L.P. V. Helene Curtis, Inc.<sup>28</sup>

The plaintiff sued the defendant for trademark infringement and moved for partial summary judgment on the defendant’s fair use defense. The plaintiff produced hair care products under the STYLE trademark and the defendant sold a hair care product

which on its label includes the words “Style Freeze.” The plaintiff argued, based on Fifth Circuit precedent,<sup>29</sup> that the fair use defense is only available against owners of descriptive marks.<sup>30</sup> The defendant argued that it only had to prove that its use of the mark was in a descriptive, non-trademark manner.<sup>31</sup> The court agreed with the defendant and concluded that the fair use defense was not limited to descriptive marks, but was available against all contestable registered marks.<sup>32</sup>

The court set forth the elements of the fair use defense which included that the defendant’s use of the term was “[fair] and in good faith only to describe its goods to users.”<sup>33</sup> While the court concluded that defendant had established that it used the phrase “Style Freeze” in a descriptive manner, the court nevertheless ruled that there was a genuine issue of material fact in relation to defendant’s good faith in using that descriptive phrase because it had prior knowledge of the plaintiff’s registered marks.<sup>34</sup> Consequently, the court denied the motion for summary judgment.

#### H. Conopco Inc. v. May Department Stores<sup>35</sup>

The defendants appealed the judgment of the district court which ruled that the defendants had willfully infringed a package of proprietary rights owned by the plaintiff relating to the relaunch of one of the plaintiff’s products.<sup>36</sup> The plaintiff, Conopco, was the manufacturer and distributor of the well-known Vaseline Intensive Care Lotion® product which it had marketed for over 20 years. In 1986, Conopco designed and developed a new bottle shape and label for the product and set out to develop a new formula.

The defendant was a manufacturer of private label hand lotions, which it distributed through retailers such as Venture who also handled national brands such as the Vaseline Intensive Care Lotion® product.

The trial court concluded that likelihood of confusion had been established on the basis of the following findings: that plaintiff’s marks were strong, the trade dress of the two products is “extremely similar,” the two products are “directly competitive,” the defendants “acted with deliberate intent to imitate and infringe the [Vaseline Intensive Care Lotion® product’s] trade dress,” the presumption of the likelihood of confusion arising from the defendants’ intent to deceive and copy, and the presence of actual confusion.<sup>37</sup>

**\*130** The Federal Circuit concluded that the district court’s “finding of actual confusion was erroneous because of a complete failure of proof.”<sup>38</sup> Conopco offered the testimony of only one witness on the confusion issue and the Federal Circuit found that “the witness’ confusion arose, at least in part, from her own erroneous assumption that national brand manufacturers secretly market private label brands.”<sup>39</sup> The court noted that there was “no evidence that this assumption is widely held by relevant consumers ... and that under the circumstances of this case, in which the national brand is being sold side-by-side with the private label brand, the assumption is at best counter-intuitive because it assumes that a national brand manufacturer would embark upon a scheme to deliberately erode its sales of the national brand.”<sup>40</sup> Consequently, the Federal Circuit concluded that the witness’ experience was an “atypical and isolated incident” which did not justify an award of monetary relief.<sup>41</sup> In relation to the other findings, the court concluded that even if the findings were correct, they were at “best inferentially or presumptively relevant to the likelihood of confusion issue.”<sup>42</sup> Specifically, the court stated the more important issue was as follows:

A factor more probative of [likelihood of confusion], which the court in its opinion failed to address, is the significance of the black and white diagonally-striped Venture logo prominently situated on the front of the original and relaunched Venture products.

....

... The unique and extensive appearance of that logo in the store parking lot, on store signs, on employees’ badges, in Venture’s frequent and periodic print and television advertisements, and on other private label items sold by Venture, the large volume of Venture’s annual sales (\$1.3 billion in 1990) and the dearth of evidence that consumers never purchased a Venture brand thinking it to have originated from Conopco despite the extended (over 10 year) period over which the original and relaunched products were sold along side the Venture brand, give rise to the expectation that consumers identify the logo with Venture, rather than Conopco, and use that logo to successfully distinguish between the two brands.<sup>43</sup>

Consequently, the court reversed the lower court’s judgment of trade dress infringement.<sup>44</sup>

The Federal Circuit also reversed the lower court’s judgment of trademark infringement.<sup>45</sup> The trademark infringement

allegation related to the defendants' use of the plaintiff's mark in a "compare" statement on the front of the defendants' product.<sup>46</sup> The Federal Circuit noted that "if the use of another's mark is truthful and unlikely to confuse consumers as to the source of the product, then the use is permissible."<sup>47</sup> The court, again relying upon the "prominent placement of the Venture logo on the face of the Venture product," concluded there was no trademark \*131 infringement.<sup>48</sup> In fact, the Federal Circuit concluded that the "compare" statement used by the defendants drew a clear distinction between the defendants' product and the plaintiff's product.<sup>49</sup>

#### H. Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club<sup>50</sup>

The Federal Circuit affirmed the issuance of a preliminary injunction against the defendant enjoining the use of "Baltimore CFL Colts."<sup>51</sup> The court found that the use of the abandoned "Baltimore Colts" mark in the mark "Baltimore CFL Colts," even though the abandoned mark was in the public domain, may nevertheless create consumer confusion in relation to "Indianapolis Colts."<sup>52</sup> The reasoning of the court is set forth below:

This precept is especially important where, as in this case, the former owner of the abandoned mark continues to market the same product or service under a similar name, though we cannot find any previous cases of this kind. No one questions the validity of "Indianapolis Colts" as a trademark of the NFL team that plays out of Indianapolis and was formerly known as the Baltimore Colts. If "Baltimore CFL Colts" is confusingly similar to "Indianapolis Colts" ...[the new Baltimore team's] use of the abandoned mark would infringe the Indianapolis Colt's new mark. The Colt's abandonment of a mark confusingly similar to a new mark neither broke the continuity to the team in its different locations...nor entitled a third party to pick it up and use it to confuse Colts fans, and other actual potential consumers of products and services marketed by the Colts or by other National Football League teams....<sup>53</sup>

#### I. Champions Golf Club, Inc. v. Sunrise Land Corp.<sup>54</sup>

The court held the defendant's use of "Champions" for a golf club in Arkansas, violated the plaintiff's trademark rights in "Champions" for a golf club in Houston, Texas.<sup>55</sup> The court concluded a violation had occurred<sup>56</sup> even though the two clubs were not in direct competition.<sup>57</sup> The court exercised its inherent equity power to enjoin further dilution of plaintiff's mark by defendant.<sup>58</sup> The court also found authority to enjoin under the Arkansas anti-dilution statute.<sup>59</sup>

#### \*132 J. Qualitex Co. v. Jacobson Products Co.<sup>60</sup>

The United States Supreme Court granted certiorari to consider whether the Lanham Act prohibits the registration of color as a trademark.<sup>61</sup> Currently, there exists a conflict among the circuit courts concerning the protection for colors used to identify and distinguish products to which they are applied. The split is between (1) the Ninth and Seventh Circuits and (2) the Federal Circuit, Eighth Circuit and the PTO.

For example, in *In re Owens-Corning Fiberglas*,<sup>62</sup> the Federal Circuit held that color is registrable and protectable as a trademark under the Lanham Act, if the other statutory conditions are met. In fact, the Federal Circuit held that the color pink functioned as a trademark when applied to Owens-Corning insulation.<sup>63</sup> Likewise, the Eighth Circuit in *Master Distributors v. Pako* reversed summary judgment for the defendant, holding that trademark rights could exist in a particular shade of blue used in connection with plaintiff's tape.<sup>64</sup> Similarly, the United States Patent and Trademark Office has issued registrations to applicants, besides Qualitex, for the use of colors as trademarks.<sup>65</sup>

In contrast, the Ninth Circuit in Qualitex followed the Owens-Corning dissent stating, "the better rule is that a trademark should not be registered for color alone."<sup>66</sup> This ruling is consistent with the Seventh Circuit's holding in *NutraSweet v. Stadt* where it refused to protect the color blue for packages of sweetener.<sup>67</sup>

Amicus briefs were filed in support of petitioner by Dr Pepper/Seven-Up Corp., the International Trademark Law Association, and the American Bar Association. The Supreme Court heard oral argument from the parties on January 9, 1995, and a decision is not expected for at least several months.

#### II. The United Kingdom's New Trademark Act<sup>68</sup>

On October 31, 1994, the United Kingdom ("UK") Trade Marks Act 1994 (Chapter 26) came into force. Some of the more

important changes are summarized below.

- The new definition of a trademark is “any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.”<sup>69</sup>

**\*133** • Under the new Act, registration should be available for any distinctive mark, including geographical names and the shape of goods and/or packaging which had been unregistrable under the previous act.<sup>70</sup> In addition, sounds and smells should also be registrable if they function as a trademark and can be represented graphically.<sup>71</sup>

- Parts A and B of the Register are abolished and all marks must now meet a single less stringent standard.<sup>72</sup>
- The current system for defensive registrations was abolished because the new infringement provisions make them unnecessary. (See discussion, *infra*.) Applications may be opposed by the owner of (1) an earlier registered mark for the same or similar goods or services<sup>73</sup> or (2) a mark which has “a reputation in the United Kingdom” and is registered for dissimilar goods.<sup>74</sup> Note, the owners of famous or well known marks (within Article 6 bis of the Paris Convention) can oppose a later application even if it is not registered or used in the UK.<sup>75</sup>
- The registration term is for ten years with renewals available for the same period.<sup>76</sup> Revocation of a registration can occur if the trademark has become (1) generic, (2) misleading, or (3) there have been 5 consecutive years of non-use.<sup>77</sup> The new Act shifts the burden of proof to the trademark owner to prove that the mark was used.<sup>78</sup>
- The new Act defines trademark infringement to include use of a mark in connection with (1) identical, (2) similar goods, or (3) dissimilar goods if the unauthorized use takes advantage of a mark “having a reputation” in the UK or is detrimental to its distinctive character and reputation.<sup>79</sup>
- If a mark is used in connection with goods or services for which it is registered, infringement is assumed without having to prove confusion.<sup>80</sup> When the mark used on the goods or services is only similar, likelihood of confusion must be proven;<sup>81</sup> however, a likelihood of association equals confusion for this purpose.<sup>82</sup>

**\*134** • The new Act also changes the form of the infringing use, e.g., the infringement need not be in writing.<sup>83</sup> Consequently, infringement includes audible use as well as electronically recorded use.<sup>84</sup>

- In relation to comparative advertising, the new Act allows the use of a trademark to identify a competitor’s goods or services if the use (1) is “in accordance with honest practices in industrial or commercial matters”<sup>85</sup> and (2) does not take undue advantage or is not detrimental to the distinctive character or reputation of the registered mark.<sup>86</sup>
- The new Act provides a person threatened with a groundless infringement action the right to sue the trademark owner making the threats.<sup>87</sup> There is, however, no such right provided to manufacturers or importers because the law’s purpose is to prevent threats to distributors or retailers who might remove goods from the market in response to such threats. Of course, merely notifying a person of a trademark registration will not be considered a threat.<sup>88</sup>
- The new Act also takes a tougher position in relation to counterfeiters. First, it provides a criminal offense for unauthorized use of a trademark.<sup>89</sup> Second, it obligates trade officials to prosecute offenders.<sup>90</sup> In addition, the elements to prove the criminal offense are less stringent than to prove infringement, e.g., the trademark used by the counterfeiter can be “identical to or likely to be mistaken for a registered trademark,”<sup>91</sup> and may simply take unfair advantage of the trademark’s reputation.<sup>92</sup> The offense does not require proof of an intent to pass off the goods as “genuine” and the offense covers the manufacture or possession of devices designed to produce counterfeit goods.<sup>93</sup>
- The new Act also extends the power of the customs officials who can now seize counterfeit goods which are in the United Kingdom only in transit from one non-European Union country to another.<sup>94</sup>
- The new Act loosens the restrictions on trademark agreements so that trademarks can now be licensed, assigned and sub-licensed in all or part of the United Kingdom in relation to all or part of the registered goods and services.<sup>95</sup>

**\*135** • Recordation of trademark agreements or transactions is not required but advantageous. For example, (1) until recorded, a transaction is not effective against a person acquiring a conflicting interest without notice of the previous unrecorded transaction; (2) only a registered licensee can sue for infringement; and (3) a transferee who fails to register the

transaction within six months of the transaction cannot collect damages or obtain an accounting for infringement occurring before registration.<sup>96</sup>

- The existing registered trademarks in Part A and B will be transferred to the new single register.<sup>97</sup>

### III. Changes to Mexico's Trademark Law

The amendments to the Mexican Law of Industrial Property were published in the Official Daily of the Federation on August 2, 1994, and came into force on October 1, 1994.<sup>98</sup> The modifications to the Mexican Trademark Law are summarized below:

- A well-known mark will be defined by reference to the recognition given to it by a specific portion of the public, or through commercial activities in Mexico, or through publicity and advertisement.<sup>99</sup>
- Trademark cancellation for non-use will occur only if the non-use takes place in three consecutive years immediately before the filing of an application for cancellation.<sup>100</sup>
- The use of business, corporate, or partnership names by a party may be applied to products that are manufactured, distributed, or for services rendered by that party provided that such name does not affect third party rights.<sup>101</sup>
- The exclusive use right obtained through trademark registration will not be effective against business, corporate or partnership name use, provided it does not create confusion in relation to products/services for which a mark has been previously registered or a trade name previously published or used.<sup>102</sup>
- The exclusivity obtained through trademark registration is not intended to adversely affect the importation of legitimate products for use, distribution, or commercialization in Mexico.<sup>103</sup>
- The amendments provide that the confidentiality of trademark application files should be eliminated and that administrative procedures should be simplified. One example of \*136 such simplification is the changes in the Power of Attorney requirements needed to verify an agent's authority.<sup>104</sup>
- The Mexican authorities will be delegated the power to prevent and punish acts of unfair competition including the power to order cessation of acts and seizure of products which infringe upon Industrial Property Rights. Specifically, the Mexican authorities will be delegated the power to order a distributor to cease selling goods that bear an infringing trademark.<sup>105</sup>
- A plaintiff bringing an action for an injunction must provide a bond for any damages or losses that could result from the injunction if it turns out to be groundless. In order to remove the injunction, the alleged infringer can submit a counter-bond sufficient to guarantee the payment of any damages or losses to the plaintiff.<sup>106</sup>
- Damages resulting from infringement must be at least equal to 40% of the retail price of each product or service that infringes.<sup>107</sup>
- Any conduct which is now considered a criminal offense will be considered an administrative infraction and leaves open the option of filing a civil action for damages. If another infraction occurs after being found guilty of an administrative infraction, then the alleged infringer will be sanctioned criminally.<sup>108</sup>
- The Mexican Institute of Industrial Property (formerly the General Bureau of Technological Development) will have the authority to seek settlement of controversies and to act as an arbiter upon the request of the parties in order to assess damages.<sup>109</sup>

### IV. New German Trademark Law

On October 28, 1994, the new German Trademark Law (Article 1 of Markenrechtsreformgesetz) was published and the following provisions came into effect on November 1, 1994:

- The Federal Ministry of Justice was delegated the power to issue legal regulations concerning proceedings before the Patent Office.<sup>110</sup>

- Protection is available for geographical declarations and indications of origin according to EC Regulation 2081/92.<sup>111</sup>
- \*137 • The governments of the German Länder (Federal States) were delegated the power to issue legal regulations concerning trademark cases.<sup>112</sup>
- The Federal Ministry of Justice was delegated the power to issue legal regulations concerning penal provisions<sup>113</sup> and certain administrative offenses.<sup>114</sup>

The trademark protection provisions under the Madrid Protocol will become effective when the Protocol comes into force in Germany.<sup>115</sup> According to the German Federal Ministry of Justice, Germany will probably ratify the Protocol in 1995. The other provisions of the new Trademark Law become effective on January 1, 1995.

## V. Trademark Law in the Territory of the Former Soviet Union<sup>116</sup>

### A. Marks Registered in Soviet Union Before December 25, 1991

As a general rule, all trademarks registered with the Patent Office of the former Soviet Union before December 25, 1991, can be continued in the successor states by means of re-registration or similar procedures. The former Soviet Union's trademarks are continued automatically only in Russia.

To re-register (or revalidate), the successor states have set up certain rules and deadlines for filing revalidation applications with their respective (newly established) national Patent and Trademark Offices. Some revalidation periods have been extended to accommodate the many who intended to revalidate their trademarks, but most revalidation deadlines have expired. As of October, 1994, revalidations may still be filed in the following countries: (1) Azerbaijan (until December 31, 1994), (2) Moldova (until December 30, 1994), (3) Tajikistan (until December 31, 1994), (4) Turkmenistan (term still not defined), and (5) Armenia (term still not defined). The revalidations have the effect that all Soviet trademarks are continued as national trademarks in the new states with the original priority.

Also, International Registrations covering the Soviet Union can be revalidated by so-called "extensions" to the new states. Although the legal effect is practically the same as revalidating national Soviet Union trademarks in the successor states, the procedure is much more convenient and the deadlines for filing extensions have been defined to be six months from the service of a notification from the International Bureau to the owners of the International Registrations indicating the possibility of extension. In addition, the extensions are available at low costs.

### \*138 B. Trademark Applications Pending in the Soviet Union Patent Office on December 25, 1991

As with registrations, applications for trademarks, which had been pending and not finally rejected in the Soviet Union Patent Office on December 25, 1991, can be revalidated. Applications filed with the Soviet Union Patent Office after that date but before January 31, 1992, or filed with the Russian Patent Office before the date when the respective successor states opened their own Patent Offices, can be revalidated (substantially within the same periods as registrations) if they were filed with the Soviet or Russian Patent Office with the express or implied intention of acquiring protection for the respective successor states.

### C. New Filings for Trademark Registration

The Russian trademark system is strictly a first to file system, not awarding any protection for mere use of a trademark (with the only exception being the notorious mark according to Article 6 - bis of the Paris Convention). Presumably, the trademark laws of the other successor states also follow the first to file principle. Therefore, they will not grant an enforceable registration to companies that have merely used their trademark in the former Soviet territory or elsewhere.

Both for practical reasons and for the low costs involved in procuring an international registration, it is certainly desirable to extend an international registration to the successor states of the former Soviet Union. Nine out of the fifteen successor republics are members of the Madrid Agreement, and it is expected that Azerbaijan and Turkmenistan will soon follow.

#### D. Trademark Laws in the Successor States of the Former Soviet Union

In brief summary, the following will highlight some principles of the trademark law of the Russian Federation, which appears to have taken a leading role in the development of trademark laws in the other CIS states:

- Trademark protection is awarded only to registered trademarks. Use of unregistered trademarks, even if widespread in Russia, does not lead to any protection of the mark (with the exception of the so-called notorious mark pursuant to Article 6 bis of the Paris Convention). Timely filing of trademark applications is therefore highly recommended. It is presently unknown whether there will be any relief for the owner of an even well-known (but not famous/notorious) foreign trademark if a third party has applied for its registration in Russia.

- The Russian Federation is a party to the Paris Convention and the Madrid Agreement, as are many of the CIS states.
- Tradenames are protected under Article 8 of the Paris Convention in Russia. The national law also provides that tradenames known in the territory of the Russian Federation which belong to a third party can be an obstacle (relative grounds) to registration of another trademark, but only in case of identity.
- Trademark applicants may claim the priority of Article 4, Section C, of the Paris Convention (six months from the first filing in a convention country).

**\*139** • The following types of marks are accepted for registration: trademarks, service marks, collective marks, and appellations of origin.

- The Patent Office examines an application in regard to absolute and relative grounds. It takes into account ex officio identical or confusingly similar prior trademark applications and registrations. The absolute grounds defined in the law are in line with other modern trademark laws.

- Applications may not be amended in substance, e.g., the filed representation of the mark cannot be amended and the specification of goods cannot be extended.

- Opposition prior to registration is not available. The owners of similar trademarks and other conflicting property rights may initiate an invalidation proceeding in order to remove a trademark from the register with the Appeals Chamber of the Patent Office. In an invalidation proceeding, anyone may claim that the trademark has been registered in contradiction to absolute or relative grounds, i.e., one may start an invalidation proceeding on the basis of third party property rights or upon the allegation that the mark is a descriptive term in relation to the goods or services specified. Within five years from registration, trademarks become incontestable in relation to relative grounds (third party property rights). It is recommended to closely monitor the publication of eventually conflicting trademarks.

- A trademark may be canceled if it has not been used during five years from registration.

- Trademark licenses must contain sufficient quality and control provisions and must be recorded with the Patent Office to be effective. Use of the trademark by the licensee inures to the benefit of the trademark owner.

- The law provides both for civil and criminal sanctions for trademark infringement. The remedies include injunction, damages, publication of judicial decisions, removal of the infringing trademark from the product, or destruction. The fines of up to 3,000 rubles provided for by the law originally have been amended to be up to three average minimum salaries (presently approximately 60,000 rubles). Obviously the original fine was insufficient and not a major deterrent to willful infringers.

The establishment of the Supreme Patent Chamber is an important novelty of the new law. The Supreme Patent Chamber is supposed to be a special industrial property court having competence in controlling the decisions of the Patent Office in trademark matters. However, the required special statute concerning the Supreme Patent Chamber has not yet issued, and, accordingly, the court is not yet active.

The Russian trademark law is a modern trademark law in many aspects and more detailed contours will appear with time as it is applied in practice by the Patent Office, the Appeals Chambers, and the Supreme Patent Chamber.

#### **\*140 E. Trademark Laws of Successor States Belonging to CIS**

Although the legal situation is not absolutely uniform, the laws of the other CIS states follow the lines of the Russian law in principle and in many details. The application of appellations of origin, however, is provided for only in Russia and Kazakhstan. With the exception of Turkmenistan, applications for trademark protection or extensions of International Registrations can be effected in all CIS states. So long as the situation is not clear in Turkmenistan, one may assume that an application now filed with the Russian Patent Office will be a basis for revalidation in Turkmenistan.

#### **F. Trademark Law in the Baltic States and Georgia**

The Baltic states of Latvia, Estonia, and Lithuania have established trademark laws that are not so centered on the Russian concept. None of the Baltic states is a member of the Madrid Agreement; Estonia and Lithuania are not even signatories to the Paris Convention. Consequently, trademark applications in Estonia and Lithuania do not enjoy Convention priority.

The lack of protection for notorious marks afforded by the Paris Convention is compensated by provisions in the national law granting protection to marks renowned in Estonia and Lithuania.

The Estonian trademark law is in some aspects similar to Danish trademark law. The patent office examines applications as to prior trademark applications or registrations ex officio.

Lithuania and Latvia also have a trademark law concept which could be referred to as substantially European. In examining trademark applications, the patent offices of both these countries do not consider prior rights of third parties. All Baltic states have the first-to-file-system. Their patent offices are currently processing trademark applications.

Lithuania provides for a three year period within which third parties may not obtain registration of a trademark that has expired due to voluntary abandonment by the owner or lack of renewal.

Georgia has passed a regulation on the registration of trademarks, which, *inter alia*, provides for the protection of well-known trademarks. The Georgian legal concept in sum appears to be closely related to the Russian law. Trademark applications are also being processed in Georgia by the National Patent Office.

#### **VI. The Trademark Law Treaty**

The following is the World Intellectual Property Organization's (WIPO) statement on the Trademark Law Treaty, released October 28, 1994 which succinctly summarizes the recent events:

On October 27, 1994, in Geneva, a Diplomatic conference of the World Intellectual Property Organization (WIPO) adopted the Trademark Law Treaty (TLT). This Treaty, which contains 25 articles and to which are annexed regulations and model international forms, will greatly simplify the protection of trademarks, including service marks, by eliminating unnecessary formalities. It will save time and expenses to trademark owners, in particular at the time when they apply for registration in order to ensure legal protection. Thereby it will have a clearly positive economic impact in a global economic environment in which trademarks become increasingly important. The TLT is all the more **\*141** necessary as important differences in the relevant legislations exist nowadays between the various countries of the world. Harmonization of trademark law through the new Treaty will therefore benefit not only economic operators but also national and regional industrial property offices. (For details see below.)

The Diplomatic Conference, which had begun on October 10, 1994, and which took place at the WIPO Headquarters in Geneva, was attended by representatives of 97 States and intergovernmental organizations as well as of 20 non-governmental organizations. Its proceedings were based on a draft treaty proposed by the International Bureau of WIPO as the result of six preparatory sessions of a Committee of Experts held between 1989 and 1993, following a first proposal made by the Director General of WIPO, Dr. Arpad Bogsch, in 1987.

The TLT will be open for signature at the WIPO Headquarters for one year after its adoption. Thirty-five States already signed in the course of the closing ceremony of Friday, October 28, 1994. They are Austria, Belarus, Belgium, China, Côte d'Ivoire, Cuba, Czech Republic, Denmark, Dominican Republic, Hungary, Indonesia, Israel, Italy, Kenya, Latvia, Lithuania, Luxembourg, Malta, Mexico, Monaco, Portugal, Republic of Moldova, Russian Federation, Slovakia, Slovenia, South Africa,

Swaziland, Switzerland, Togo, Trinidad and Tobago, Turkey, Ukraine, United Kingdom, United States of America, Uruguay. The Treaty has been adopted in a single original in the English, Arabic, Chinese, French, Russian and Spanish languages, all texts being equally authentic. The TLT will enter into force three months after five States have deposited their instruments of ratification or accession with the Director General of WIPO, who is the depositary of the Treaty.

Any State member of WIPO and certain intergovernmental organizations may become party to the Treaty. The Treaty may be revised by a diplomatic conference. Moreover, a diplomatic conference can also adopt protocols for further developing the harmonization of laws on marks. Transitional provisions allow maintaining certain existing features of trademark procedures. Their duration is limited to eight years after entry into force of the TLT with respect to developing countries and to six years with respect to all other Contracting Parties provided that trademark laws of the Contracting Parties must be in conformity with the TLT at the latest by October 28, 2004.

In addition to the reduction of formalities of application and registration of trademarks to what is indispensable, the TLT provides guarantees to applicants and holders of registrations through the establishment of model international forms which must be accepted by all trademark offices.

The participation of non-governmental organizations in the preparatory meetings and in the Diplomatic conference ensured that the views of the users of the trademark system were taken into account.<sup>117</sup>

Here are some of the practical improvements which the Treaty will bring:

- With a single application, it will be possible to seek registration of goods and services belonging to several of the 42 classes of the International Classification of Goods and Services established by WIPO.<sup>118</sup>

- All Contracting Parties must accept applications for the registration of service marks. “[S]ervice marks will thus have the same legal status as trademarks.”<sup>119</sup>

\***142** • “It will no longer be necessary to legalize signatures.” Under current practice, signatures have to be legalized in certain cases even several times (by the competent government authority and by consulates) per application for registration.”<sup>120</sup>

- It will be possible to obtain the recording of changes in registrations belonging to the same owner—e.g., changes of names, addresses or phone numbers—through a single request, even if they concern several hundreds of registered marks (as is the case for large corporations). “[T]he same procedure will apply in cases of transfer of a trademark from the company to another, in the context of a merger or a takeover.”<sup>121</sup>

- “Trademark offices will not be allowed to require additional formalities for registration other than those that are included in the ‘maximum list’ of the treaty.”<sup>122</sup>

- “Any application can be divided into two or more parts without losing the original filing date and registrations can also be divided.”<sup>123</sup>

- “The duration of the initial period of the registration and the duration of each renewal period will be unified to ten years each.”<sup>124</sup>

## Footnotes

<sup>a1</sup> Bardehle, Pagenberg, Dost, Altenburg, Frohwitter, Geissler & Partners, Houston, Texas.

<sup>1</sup> Polo Ralph Lauren Corp. v. Chinatown Gift Shop, 855 F.Supp. 648, 31 U.S.P.Q.2d (BNA) 1959 (S.D.N.Y 1994).

<sup>2</sup> In re Mavety Media Group Ltd., 33 F.3d 1367, 31 U.S.P.Q.2d (BNA) 1923 (Fed. Cir. 1994).

<sup>3</sup> Id. at 1373, 31 U.S.P.Q.2d at 1928.

<sup>4</sup> Id. at 1375, 31 U.S.P.Q.2d at 1929.

<sup>5</sup> In re Hines, 32 U.S.P.Q.2d (BNA) 1376 (T.T.A.B. 1994).

<sup>6</sup> Id. at 1376.

<sup>7</sup> Id.

<sup>8</sup> See supra Part I.B.

<sup>9</sup> Hines, 32 U.S.P.Q.2d at 1377.

<sup>10</sup> Nike, Inc. v. "Just Did It" Enterprises, 32 U.S.P.Q.2d (BNA) 1059 (N.D. Ill. 1994).

<sup>11</sup> Id. at 1060.

<sup>12</sup> Cleary v. News Corp., 30 F.3d 1255, 31 U.S.P.Q.2d (BNA) 1760 (9th Cir.1994).

<sup>13</sup> Id. at 1257, 31 U.S.P.Q.2d at 1761.

<sup>14</sup> Id. at 1257-1258, 31 U.S.P.Q.2d at 1761.

<sup>15</sup> Id. at 1259, 31 U.S.P.Q.2d at 1763.

<sup>16</sup> Id. at 1260, 31 U.S.P.Q.2d at 1763.

<sup>17</sup> Id.

<sup>18</sup> Id. (quoting Rosenfeld v. W. B. Sanders, 728 F.Supp. 236, 243, 15 U.S.P.Q.2d (BNA) 1423, 1427 (S.D.N.Y 1990)).

<sup>19</sup> Id. at 1260, 31 U.S.P.Q.2d at 1764.

<sup>20</sup> Id. at 1261-62, 31 U.S.P.Q.2d at 1764-65.

<sup>21</sup> Id. at 1262, 31 U.S.P.Q.2d at 1765.

<sup>22</sup> Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 32 U.S.P.Q.2d (BNA) 1120 (Fed. Cir. 1994).

<sup>23</sup> Id. at 1529, 32 U.S.P.Q.2d at 1121.

<sup>24</sup> Id. at 1531, 32 U.S.P.Q.2d at 1122.

<sup>25</sup> Id. at 1531, 32 U.S.P.Q.2d at 1123.

<sup>26</sup> Id. at 1531, 32 U.S.P.Q.2d at 1122 (quoting *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1341, 213 U.S.P.Q. (BNA) 9, 13 (C.C.P.A. 1982)).

<sup>27</sup> Id. at 1531-32, 32 U.S.P.Q.2d at 1123.

<sup>28</sup> DowBrands L.P. v. Helene Curtis, Inc., 863 F.Supp. 963, 32 U.S.P.Q.2d (BNA) 1289 (D. Minn. 1994).

<sup>29</sup> Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 791, 217 U.S.P.Q. (BNA) 988, 995 (5th Cir. 1983).

<sup>30</sup> DowBrands, 863 F.Supp. at 967, 32 U.S.P.Q.2d at 1292.

<sup>31</sup> Id.

<sup>32</sup> Id. at 969, 32 U.S.P.Q.2d at 1294.

<sup>33</sup> Id. at 970, 32 U.S.P.Q.2d at 1295.

<sup>34</sup> Id.

<sup>35</sup> Conopco, Inc. v. May Department Stores, 32 U.S.P.Q.2d (BNA) 1225 (Fed. Cir. 1994).

<sup>36</sup> Id. at 1226.

<sup>37</sup> Id. at 1231 (citations omitted).

<sup>38</sup> Id.

<sup>39</sup> Id. at 1230.

<sup>40</sup> Id. at 1230.

<sup>41</sup> Id.

<sup>42</sup> Id. at 1231-32.

<sup>43</sup> Id. at 1232 (footnotes omitted).

<sup>44</sup> Id. at 1234.

<sup>45</sup> Id. at 1235.

<sup>46</sup> Id.

<sup>47</sup> Id.

<sup>48</sup> Id.

<sup>49</sup> Id.

<sup>50</sup> Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, 34 F.3d 410, 31 U.S.P.Q.2d (BNA) 1811 (7th Cir. 1994).

<sup>51</sup> Id.

<sup>52</sup> Id. at 412-413, 31 U.S.P.Q.2d at 1813.

<sup>53</sup> Id. at 413, 31 U.S.P.Q.2d at 1813-14.

<sup>54</sup> Champions Golf Club, Inc. v. Sunrise Land Corp., 846 F.Supp. 742, 32 U.S.P.Q.2d (BNA) 1419 (W.D. Ark. 1994).

<sup>55</sup> Id. at 759, 32 U.S.P.Q.2d at 1433.

<sup>56</sup> Id. at 756, 32 U.S.P.Q.2d at 1430.

<sup>57</sup> Id. at 753, 32 U.S.P.Q.2d at 1427.

<sup>58</sup> Id. at 758, 32 U.S.P.Q.2d at 1432 (“[I]n this court’s view, [Congress’] rejection of an amendment which would have included an anti-dilution provision] does not preclude [the court] from exercising its inherent powers as a court of equity to right this wrong by enjoining further dilution....”)

<sup>59</sup> Id. (enforcing Ark. Code Ann. § 4-71-113 (Repl. 1991)).

<sup>60</sup> Qualitex Co. v. Jacobson Products Co., Inc., 13 F.3d 1297, 29 U.S.P.Q.2d (BNA) 1277 (9th Cir. 1994), cert. granted, 115 S.Ct. 40 (1994) (No. 93-1577, 1994).

<sup>61</sup> Qualitex Co. v. Jacobson Products Co., Inc., 115 S.Ct. 40 (1994) (No. 93-1577).

<sup>62</sup> In re Owens-Corning Fiberglass Corp., 774 F.2d 1116, 227 U.S.P.Q. (BNA) 417 (Fed. Cir. 1985).

<sup>63</sup> *Id.* at 1127, 227 U.S.P.Q. at 425.

<sup>64</sup> Master Distributors, Inc. v. Pako Corp., 986 F.2d 219, 224, 25 U.S.P.Q.2d (BNA) 1794, 1798 (8th Cir. 1993).

<sup>65</sup> See, e.g., Cooper Indus., Inc. v. Channellock, Inc., 788 F.Supp. 873, 22 U.S.P.Q.2d (BNA) 1695 (W.D. Pa. 1992) (court denied motion for summary judgment to declare Channellock's registration of the color blue as applied to hand tools invalid).

<sup>66</sup> Qualitex, 13 F.3d 1297, 1302, 29 U.S.P.Q.2d (BNA) 1277, 1280 (9th Cir. 1994).

<sup>67</sup> Nutrasweet Co. v. Stadt Corp., 917 F.2d 1024, 16 U.S.P.Q.2d (BNA) 1959 (7th Cir. 1990).

<sup>68</sup> Trade Marks Act, 1994, ch. 26 (Eng.).

<sup>69</sup> *Id.* § 1(1).

<sup>70</sup> *Id.*

<sup>71</sup> See *id.* § 103(2).

<sup>72</sup> *Id.* § 64, general note.

<sup>73</sup> See *id.* §§ 38(1), 5(1), 5(2).

<sup>74</sup> *Id.* § 5(3)(b).

<sup>75</sup> *Id.* § 56(2).

<sup>76</sup> *Id.* §§ 42(1), (2).

<sup>77</sup> *Id.* § 46(1).

<sup>78</sup> See *id.* §§ 10, 46.

<sup>79</sup> *Id.* § 10.

80       Id. § 10(1).

81       Id. § 10(2).

82       Id.

83       Id. § 10(4).

84       See *id.*

85       Id. § 10(6).

86       Id.

87       Id. § 21(2).

88       Id. § 21(4).

89       Id. § 92.

90       Id. § 93.

91       Id. § 92(1)(a).

92       Id. § 92(1)(b).

93       Id. § 92(3).

94       Id. § 89.

95       Id. §§ 28-31.

96       Id. § 25.

97       Id. § 3(2)(1).

98       Ley de la Propiedad Industrial, D.O. martes 2 de agosto 1994, § 3 (Mexico).

99       Id. Art. 90, § XV.

<sup>100</sup> Id. Art. 152, § II.

<sup>101</sup> Id. Art. 91.

<sup>102</sup> Id. Art. 90, § XVII.

<sup>103</sup> Id. Art. 92, § II.

<sup>104</sup> Id. Art. 181 and see Art. 185.

<sup>105</sup> Id. Art. 199 bis.

<sup>106</sup> Id. Art. 199 bis 1.

<sup>107</sup> Id. Art. 221 bis.

<sup>108</sup> Id. Art. 223 (see Art. 213 for a listing of such offenses).

<sup>109</sup> Id. Art. 6, § IX.

<sup>110</sup> Markenrechtsreformgesetz, Art. 1 (1994), § 65 (Germany).

<sup>111</sup> Id. § 130-139.

<sup>112</sup> Id. § 140 para. 2.

<sup>113</sup> Id. § 144 para. 6.

<sup>114</sup> Id. § 145 para. 2, 3.

<sup>115</sup> Id. §§ 119-125.

<sup>116</sup> Summarized from Peter J. A. Munzinger, Tatjana Kowal-Wolk & Bernhard Frowitter, Still a White Spot on the Map? Protection of Trademarks in the Fifteen Republics Succeeding the Former USSR (unpublished manuscript, on file with author); see also Russische Föderation—Gesetz der Russischen Föderation über Warenzeichen, Dienstleistungsmarken und Ursprungsbezeichnungen vom 23. September 1992, 8/9 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONALER TEIL (GRUR INT.) 679 (1993) (analyzing the trademark, servicemark and copyright laws of the Russian Federation from September 23, 1992) (in German).

<sup>117</sup> World Intellectual Property Organization, Press Release on the Trademark Law Treaty (Oct. 28, 1994) (on file with author); see also Treaties: U.S., 96 Other WIPO Members Conclude International Trademark Law Treaty, 49 PAT. TRADEMARK & COPYRIGHT J. (BNA) 22 (Nov. 10, 1994).

<sup>118</sup> See 97 Countries Agree to Treaty on Global Protection of Trademarks, 11 INT'L TRADE REP. (BNA) 1689 (Nov. 2, 1994).

<sup>119</sup> *Id.*

<sup>120</sup> *Id.*

<sup>121</sup> *Id.*

<sup>122</sup> *Id.*

<sup>123</sup> *Id.*

<sup>124</sup> *Id.*