INTA Comments on IP Key Cooperation Programs

October 2018

GENERAL COMMENTS

The International Trademark Association (INTA) would like to thank the European Commission for the opportunity to provide comments and suggestions about the three IP Key projects launched in September 2017, namely IP Key China, IP Key South-East Asia (SEA) and IP Key Latin America (LATAM), in the context of the Second Annual Work Plan’s preparation.

INTA commends the European Commission’s and EUIPO’s efforts in the support of a robust intellectual property system in third countries, through the IP Key programs. INTA has always been a strong supporter of EUIPO’s international activities which aim to further protect and harmonize IPRs. INTA agrees that it is important to link the activities considered within IP Key programs and the priorities conveyed by the industry in the context of Free Trade Agreements (FTAs) and IP Dialogues /Working Groups between the EU and China, South-East Asian and Latin American countries, on which we regularly provide input.

Based on the priorities of our global and diverse membership, comprising brand owners from major corporations and SMEs, law firms and non-for-profits, across the different regions of the world, INTA suggests that all IP Key programs focus in priority on:

- **Securing an efficient and easy system for trademark and design registrations.** For this purpose, IP Key programs should promote EUIPO’s practices and tools such as TMView, DesignView and TMClass and ensure appropriate legal framework and practices;
- **Promoting the accession to and proper implementation of international treaties**, notably the Madrid Protocol, the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, which INTA supports under different Board Resolutions, to foster harmonization and better protection of IPRs;
- **Raising awareness, training and exchanging on best practices on the global issue of counterfeiting and online counterfeiting** in particular;
- **Addressing the impact of the Internet and new technologies** on enforcement of brand owners’ rights;
- **Preventing brand restrictions**, i.e. measures by governments that prohibit or significantly restrict the use of trademarks for lawful products and services, including plain and highly standardized packaging measures. Such measures are detrimental to consumers, trademark owners, innovation and competition, and can lead to the expropriation of valuable trademark rights without due process.
Moreover, where enforcement of rights is concerned, we suggest that the IP Key programs cover the following activities:

- Trainings on the subject of preliminary measures in contentious IP matters to increase harmonization and avoid forum shopping.
- Dialogues on online counterfeiting,
- Development of best practices or trainings on administrative procedures at the borders, i.e. for small consignments, for instance;
- Promotion of Customs Records Systems to improve information sharing between brand owners and customs officials;

In addition to these recommendations applicable for all regional IP Key programs, INTA has particular concerns and priorities for each region, which are described on pages 4-9.

In previous comments, INTA has called for increased transparency and feedback on the set-up and implementation of the IP Key programs. In this regard, we welcome the organization, by DG TRADE, of a full-day meeting on October 3, in Brussels, specifically dedicated to exchanging views with stakeholders and hear their suggestions on the priorities for the three regions. We believe this meeting was very useful and we hope it will become a regular event in the future.

We are also pleased to note improvements concerning the information made available in the new version of the IP Key website. Notably, information and a calendar of the 2018 initiatives can now be found for, respectively IP Key China, LATAM and SEA, based on the respective Work Plans. We recommend that, for 2019, information on each of the activities planned is provided in greater detail and with more advance notice. We further suggest that the 2019 Work Plan of each of the three IP Key programs is published as early as possible on the website, in a way that allows ready and easy access.

Notwithstanding these positive developments, **INTA would recommend further improvements in the following areas:**

- **We would welcome increased transparency and accountability as regards the budget allocated and the results achieved with each IP Key program.** In particular, it would be useful to have detailed information on each country covered and the distribution of funds between the different recipients and the concrete activities undertaken (training, IT support, awareness, etc.) In this context, some Key Performance Indicators (KPIs) or SMART (Specific, Measurable, Achievable, Relevant, Time bound) objectives should be considered.

- Further, to the extent that the IP Key programs involve EUIPO’s resources, we note that the Office’s funds derive from a global community of trademark and design owners from more than 170 countries. Therefore, **EUIPO’s resources under IP Key should be dedicated to supporting and promoting the interests of all businesses regardless of their provenance,** and ensuring their involvement in the different projects where private stakeholders’ involvement is possible.

- **We recommend that any international activity of EUIPO focuses in priority on trademarks and designs within the limits of EUIPO’s resources and in close coordination with the Commission.**
• Moreover, we would recommend a closer interaction and involvement with local stakeholders and organizations working on the ground in the regions, such as INTA, as well as local EU and EU Member States’ IP Attachés. We believe this would be important to ensure a more efficient, unified and impactful approach, and avoid redundant efforts.

With Representative Offices in China (Shanghai), South-East Asia (Singapore), Europe (Brussels) and Latin America (Santiago, Chile), INTA stands ready to provide active support to the implementation of the IP Key programs. For this purpose, please refer to the following:

**INTA points of contact**

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With regards to Africa, INTA has previously suggested that the European Commission and EUIPO consider exploring the possibility of an EU funded project in Africa. We were pleased to learn that a project focusing on the enhancement of intellectual property rights (IPRs) in Africa will be launched by the European Commission, in cooperation with the EUIPO and the Observatory, even if probably not in the framework of an IP Key program.

In December 2017, replying to a request for input by the Commission, INTA provided suggestions for the first Annual Work Plans of the three IP Key programs. For IP Key China we provided further comments in May 2018, in the context of an EU-China IP Working Group meeting. Most of the comments provided in those two occasions are still valid. We thus reproduce the previous input below, with an update where relevant.
SPECIFIC COMMENTS ON THE THREE IP KEY COOPERATION PROGRAMMES

1) IP KEY CHINA

In China, IP Key has been very visible and our members have praised its success. Considering the fast development of the Internet-based industry and its growing impact on the distribution of trademark infringing products, INTA suggests that IP Key China focuses on the improvement of online enforcement of intellectual property rights. INTA recommends that efforts focus on practical means of cooperation between trademark owners and companies involved in online marketing, sales, and distribution of goods in addressing the problem of counterfeit goods being sold over the Internet. In particular, focus should be given to the establishment of mechanisms to ensure:

a) A timely and effective process of notification of illegal sale of counterfeits as well as takedown mechanisms, provided that an appropriate legal framework for such purpose is in place;

b) Procedures for identifying and taking more effective action against repeat offenders;

c) Preventive measures to reduce the sale of counterfeits by anonymous counterfeiters;

d) Procedures that facilitate access by trademark owners and law enforcement authorities to information about counterfeiters and the distribution of trademark infringing products;

e) Promotion of cooperation between trademark owners and intermediaries so that information is efficiently and timely shared and enforcement of IP rights is expedited.

The sale of counterfeit goods over the Internet is a top priority for INTA. The Association is consistently monitoring and addressing the developments of online sales of counterfeits in a fast-moving and changing digital reality. In this context and given our vast and diverse membership as well as our China Representative Office, INTA is available to provide the needed assistance in the operation of IP Key China.

In addition, we suggest that the initiatives covered by IP Key China include:

- **The promotion of and accession to several treaties:** namely the Madrid Protocol and the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, to increase harmonization and legal certainty to the benefit of businesses of all sizes.

- **Support regarding the new Trademark Law project:** INTA believes that the new project of revision of the Trademark Law – of parallel relevance for the country as the Trademark Reform for the EU- presents an opportunity for IP Key to assist in the setting up of seminars and working groups.

- **Judicial cooperation/ judges’ trainings:** notably addressing topics of procedural nature such as the principle of written procedure and the principle of contradictory procedure.
In this context we recommend the implementation of activities ensuring effective trademark protection: trainings and assistance on bad faith registrations, development of the law on trade dress protection and parallel imports and enhancement of its general understanding;

Enforcement-related activities: One of the most notable events coming from IP Key in China in 2016 was a joint conference with the Chinese Ministry of Commerce (MOFCOM) regarding Online Counterfeiting in China. It attracted policy leaders and industry to a very dynamic seminar that covered in-depth the many intricacies of the issue. With the new e-commerce law effective on January 1, 2019, another round in late 2018 and 2019 would be very useful.

Designs protection: trainings, education and assistance on designs registration and enforcement are needed.

2) IP KEY SOUTH-EAST ASIA

As this is the first phase of the program in South-East Asia (SEA), we are confident that IP Key will gain visibility over time and that our members will be able to benefit from its initiatives and provide further suggestions, based on experience, in the upcoming months and years.

We suggest that IP Key SEA’s implementation initiatives include the development of best practices and support to achieve the deliverables within the ASEAN IPR Enforcement Plan. This would be important to develop a transparent IP enforcement system based on the codified laws and regulations as well as the rule of law.

We refer to the comments provided above for IP Key China concerning online enforcement of intellectual property rights, including the suggested mechanisms to ensure cooperation between trademark owners and entities involved in online trading of goods, which are entirely applicable to SEA. The same applies to a number of other activities, including:

- The promotion of and accession to several treaties: namely the Madrid Protocol, the Singapore Treaty of the Law on Trademarks, and the Hague Agreement concerning the International Registration of Industrial Designs, to increase harmonization and legal certainty to the benefit of businesses of all sizes;
- Trademark protection: trainings and assistance on bad faith registrations, capacity building activities, development of the law on trade dress protection and parallel imports and enhancement of its general understanding;
- Judicial cooperation/ judges’ trainings: notably addressing topics of procedural nature such as the principle of written procedure and the principle of contradictory procedure;
- Designs protection: trainings, education and assistance on designs registration and enforcement.

Additionally, we suggest that the initiatives covered by IP Key South-East Asia include:

- Enforcement-related activities: Organization of workshops, seminars and trainings on both offline and online enforcement issues tailored to different countries of the region, including reference to supply chain;
• **Border Measures and Transhipment:** Porous land borders between several countries in the region favor the flow of counterfeit goods. Moreover, with major ports located across multiple countries of South-East Asia and Free Trade Zones, INTA believes addressing the issues arising from lack of ex-officio actions, customs recordal systems, or generally strong control at border is of utmost importance.

Following the structure of our December 2017 submission, we believe that it is worth referring to particular issues and welcomed initiatives in two SEA countries: Vietnam and Indonesia.

i. **In Vietnam**

INTA stresses that the following initiatives in the context of IP Key would be welcome in Vietnam:

a) **Trademarks**
- Peer-to-peer exchange on best practices for examination, opposition and cancellations;
- Organization of seminars on evaluation, equity and development of brands for Vietnamese companies;

b) **Designs**
- Designs protection: trainings, education and assistance on designs registration and enforcement.
- Assistance in organizing seminars in Vietnam on the EU Design system and in the EU on the protection of industrial designs in Vietnam.

c) **Customs/Enforcement**
- Meetings between EU and Vietnamese customs on IPR enforcement cooperation (in both Vietnam and the EU).
- Development of best practices or training on administrative procedures at the borders, i.e. for small consignments, for instance.
- Trainings on the subject of preliminary measures in contentious IP matters to increase harmonization and avoid forum shopping.

ii. **In Indonesia**

In the framework of IP Key, INTA would welcome increased efforts to support the development of an effective national IP strategy in Indonesia, and that priority be given to improving IP enforcement. INTA would particularly welcome cooperation in the development of a more effective criminal IP enforcement system (including with customs).

Moreover, INTA has identified a number of problematic issues in Indonesia, listed below. We suggest that, in the context of IP Key, the EUIPO cooperates with local authorities to set up mechanisms and practices such as dialogues, roundtables, trainings of judges, IP administrators and customs, etc. towards improving the country’s situation.

a) **Trademarks**

• **Recording of License**
Following the issuance of Minister of Law and Human Rights Regulation No. 8 of 2016 concerning the Requirement and Procedure of Intellectual Property License Recordings, the treatment of license recordings remains unclear, particularly with regard to applications for recording which were submitted prior to the issuance of the regulation. INTA suggests that trainings are provided in this respect, considering EUIPO’s expertise as concerns trademark and design recordings.
• **Amendments of typographical errors**
The Indonesian trademark Law only stipulates the possibility of issuing amendments of typographical errors of the name and/or address of the applicant in a trademark application. It is unclear whether amendments are also available for other actions such as the recording of an assignment of rights or license agreement. Clarification is thus needed in this respect.

b) **Designs**

INTA has identified the following issues in the field of designs:
- Unclear guidance on the criteria used by courts to determine similarity of design features;
- Unclear timeframe applicable to substantive examination;
- Unclear process to be followed in the examination stage for right holders;
- Unclear definitions of claim types regarding shape, configuration, and composition which often leads to inconsistency and has a significant impact on both prosecution and enforcement of industrial design rights.

c) **Customs**

Government Regulation No. 20 of 2017 on Control of Import and Export of Goods Resulting from IP Infringement came into force on August 2, 2017. INTA believes that the Regulation raises concerns in the following areas:

- Global foreign entities that do not have a local business entity in Indonesia in the form of a limited company or unlimited partnership are not able to record their trademarks in the country;
- The timeline for the detention process is too restrictive, considering that the right holder must confirm customs’ notice and file an application to detain the goods in the Commercial Court within one week, while, at the same time, the steps needed to provide the required notarized and legalized documents to the Court, especially for non-Indonesian entities, may take up to three months;
- Revocation of recordation. Right holders are barred from the recordation system if they fail to acknowledge or confirm a notice of suspected goods from the customs office on three occasions.

d) **E-Commerce**

- The Minister of Communication and Informatics issued Circular Letter No. 5 of 2016 on Limitation and Responsibility of Providers of Platforms in the form of User Generated Content and Merchants of Electronic Commerce Using the Platforms. A higher level of regulation, e.g. Government/Minister Regulation addressing the subject-matter of the Minister’s Circular Letter is still required and needed;
- The current 14 day timeframe of the takedown mechanism used for IP infringing products sold online is considered too long by right holders. Moreover, there are no consequences for non-compliance with the 14 day timeframe for takedowns. INTA suggests that penalties for non-compliance be established to render this rule more effective;
- There is a need to establish and develop procedures that facilitate access by trademark owners to information about counterfeiters and the distribution of IP infringing products.
3) IP KEY LATIN AMERICA

In our submission of December 2017, we listed a number of key areas in which we believe IP Key LATAM should focus. These priority areas remain the same:

   a) Enhanced cooperation between the different actors, with a focus –but not limited to- enforcement:

   We understand that there is a lack of coordination among the different administrative bodies dealing with different IPRs as there is a separation between the entities responsible for, respectively, industrial and intellectual property which, moreover, belong to or are dependent on different governmental authorities. IP Key LATAM should focus on:

   - Supporting the establishment of intersectoral bodies, where all IP-relevant institutions can discuss and deliberate on IP-related matters.

   - Promoting inter-sectorial initiatives, such as dialogues, roundtables and workshops, bringing together trademark examiners, Custom officers, government officials, judges, industry, etc. to exchange information, best practices and enhance cooperation between the different IP actors.

   - Acknowledging and promoting the cooperation mechanisms between government authorities (such as IP offices, judges, Customs officers, prosecutors, etc.) on IPR enforcement issues, so as to obtain their incorporation in the law. Good examples of such cooperation mechanisms already exist in some countries such as Mexico and Chile.

   - Promoting enhanced interaction between IP offices and Customs authorities, including the sharing of registration data of IPR right holders to facilitate the identification of counterfeit goods within the borders of each country.

   - We would also recommend that local trademark owners and practitioners be involved in the interaction between registration, customs and enforcement authorities to promote better practices.

   b) Brand restrictions and impact of legislation on IPRs

   - It appears that a number of laws and regulations not dealing directly with IP (for instance on health, communications or technology) but still affecting IP right holders, are enacted with prior discussion and assessment of their impact on the IP field. Against this backdrop, INTA recommends that, in the context of IP Key, best practices on IP-related policy and regulation production be promoted and shared with the relevant entities.

   - Support in the liaison with local health authorities to exchange on and discuss the impact of brand restrictions on trademark rights, the economic development and innovation of Latin American countries and the means to achieve a balance between IP rights and public health concerns.

   c) Trademarks & Designs
• **Trademark examinations**: trainings and workshops in order to improve practices and procedures of IP offices and promote the development of the law on issues such as classification, non-traditional marks, famous and well-known marks and coexistence agreements as well as best practices for the offices.

• Where **famous and well-known marks** are concerned, trainings and further assistance on dilution and unfair advantage and how these concepts have been developed and applied in the EU.

• **Design** registration and enforcement.

  d) **Targetted trainings**

• **Training judges**: via the development of a training program on IP matters specifically addressed to judges, in order to improve knowledge and skills needed to deal with IP cases.

• Development of trainings on IP matters tailored to the specific needs and concerns of particular **industry sectors**.

• Development of initiatives, perhaps together with the Latin America IPR SME Helpdesk, focusing on the specific needs and **concerns of SMEs** based in Latin America and in the EU on IP matters (filings, registrations, agreements, fees, etc.).

• Assistance in the development of useful and adequate means of **alternative dispute resolution** in IP matters.

  e) **Supporting stronger IP Offices**

However, at this stage of early implementation of the program and based on our local expertise, we have observed some obstacles to the improvement of practices and international standards as regards the topics listed above. In particular, where trainings are concerned, we understand that the main obstacle is the difficulties experienced by the institutions concerned, notably IP Offices, to fully provide what is needed by stakeholders. For this reason, we believe that a central strategical goal of IP Key LATAM should be providing support to IP Offices, notably as concerns their technological infrastructure and resources.