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Thank you for being with us from the very inception of our publication,
and many thanks for your support in 2008.

We will proceed with our work in strengthening our IP practice
taking an optimistic view in 2009, a new year of opportunity.

Good luck in 2009!

Yours sincerely,
Renata Berzanskiene
Head of Sorainen Intellectual Property Legal Team

EU NEWS

Commission adopts Green Paper on Copyright in the Knowledge Economy

On 16 July 2008 the European Commission adopted a Green Paper on Copyright in the Knowledge Economy. The Commission's intention is to find a balance between access to copyright-protected material and rewarding those who produce it.

The Green Paper questions how research, science, and educational materials are disseminated to the public and whether knowledge is circulating freely in the internal market. The Commission also addresses the current legal framework in the area of copyright and the possibilities it can offer to a variety of users (social institutions, museums, search engines, disabled people, teaching establishments).

The Green Paper is intended as the starting point for a structured debate on the long-term future of copyright policy in fields that have not been in question up to now, e.g. scientific and scholarly publishing, and the role of libraries, researchers, and persons with a disability.

In addition, the Commission adopted two copyright initiatives. The first is intended for alignment of the copyright term for performers. The proposal is to extend the term of protection for recorded performances and the recording itself from 50 to 95 years, which would be of benefit to performers and record producers. More important for publishers should be the second initiative, namely to fully harmonize the copyright term that applies to co-written musical compositions, by treating all works which contain contributions from several authors in the same way when calculating the term of protection. The proposal is for a uniform term of protection, which would expire 70 years after the death of the last surviving author.

These measures should strengthen the image of Europe as a culture-minded region.

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Accelerated registration of Community designs

As of 23 September 2008, the Designs Department of the Office for Harmonisation in the Internal Market (OHIM) introduced the so-called fast-track registration procedure for registering Community designs.

Only applications that meet certain criteria can enjoy accelerated examination and registration. The criteria to be fulfilled by a Community design application to qualify for fast-track registration are the following:

1. The application must be filed in good order so as to minimise the likelihood of deficiencies. The preferred way is e-filing; normal mail may be acceptable, but fax is excluded.
2. Fees must be paid by current account.
3. The application must be accompanied by priority documents if priority is claimed.

The examiners of the Designs Department deal first with applications satisfying these criteria.

The quality standard of OHIM requires that 80% of all Community designs are registered and published within six weeks, which is already quite satisfactory. However, the new fast-track procedure is proving even more efficient, as after introduction 30% of Community designs were registered and published within 10 days.

More improvements to the Community design registration procedure are anticipated when the new e-filing system for Community designs becomes available in 2009.

EU news

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Risk of harm to earlier trade mark sufficient to refuse new trade mark registration

On 19 June 2008 the Court of First Instance (CFI) delivered its decision in Case T-93/06. Beside other things, the decision provides some guidance as to the level of evidence required to prove the reputation of an earlier trade mark.

The CFI upheld the decision of the Second Board of Appeal of the Office for Harmonisation in the Internal Market (OHIM). By the latter decision, the trade marks MINERAL SPA and SPA were found similar. Additionally, the decision held that use of the MINERAL SPA trade mark would take unfair advantage of the reputation of the well-known SPA trade mark.

In 2001 Mulhens GmbH & Co. KG sought Community Trade Mark protection for the mark MINERAL SPA for goods in Class 3 under the Nice Agreement (e.g. soaps, perfumeries, essential oils, preparations for body and beauty care). In 2002 the application was opposed by Spa Monopole, compagnie fermière de Spa SA/NV on the basis of an earlier Benelux mark SPA for goods in Class 32 (e.g. mineral water, aerated waters, other non-alcoholic beverages).

Spa Monopole relied on Article 8(5) of Regulation No 40/94 of 20 December 1993 on the Community trade mark. Article 8(5) enables the owner of an earlier trade mark to oppose a mark used for goods and services that are not similar to those for which the earlier trade mark is registered, provided the marks are identical or similar. An essential requirement under Article 8(5) is that the earlier trade mark must have a reputation and that use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

The CFI concluded that several indications of repute are sufficient. Evidence provided in the case included facts on length of use, territorial dissemination in Benelux, a strong presence in shops, a strong position in the market for mineral water, and investment in advertising.

When addressing the question of applying Article 8(5), the CFI stated that the risk that use without due cause of the mark applied for takes unfair advantage of the repute of the earlier mark is sufficient for Article 8(5). The same risk continues to exist where the consumer, without necessarily confusing the commercial origin of the product or service in question, is attracted by the mark applied for in itself and buys the product or service covered by it on the ground that it bears that mark, which is identical or similar to an earlier mark with a reputation.

The CFI stressed that it should be made clear that the proprietor of the earlier mark is not required to demonstrate actual and present harm to the proprietor's mark. However, the proprietor must adduce *prima facie* evidence of future risk, which is not hypothetical, of unfair advantage or detriment.

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ESTONIA

Online filing of patent applications

The Estonian Patent Office has extended the scope of use of its portal for electronic filing of applications for legal protection of industrial property. From the end of November 2008, online applications may be filed for registration of patents, utility models, and applications for validation of European patents.

This development marks the next step in the process of simplifying industrial property application procedures in Estonia. Trademark applications already moved online from April 2007 and by now approximately 25% of all trademark applications are filed electronically.

Similarly to trademark applications, patent, utility model and European patent validation applications have to be signed digitally. For this, an Estonian ID card is required, enabling verification of the identity of an applicant or its representative.

Olympic-City Casino held to be confusingly similar to The Olympics

In a recent decision of the Estonian Industrial Property Board of Appeal, the Board granted an opposition filed by the International Olympic Committee (IOC) against a trademark application for Olympic-City Casino. The trademark was filed by the largest Estonian casino operator, Olympic Casino Group AS, who sought protection for the following services: entertainment, gambling, and supply of food and drink. IOC opposition was based on the organisation's famous trademark THE OLYMPICS, also registered for entertainment and supply of food and drink.

The Board of Appeal found that the marks compared are similar visually and phonetically. The only distinctive word in the trademark applied for is the word OLYMPIC, while the words CITY and CASINO are customary and descriptive. In both trademarks, customers' main attention is brought to the word OLYMPIC(S).

In addition, the Board took the position that the trademarks are similar from the semantic aspect. The word OLYMPIC without the letter -S at the end of this word does not change the perception of customers. It is likely that customers connect both words with the Olympic Games, with or without the letter -S.

The Board did not agree with the trademark applicant's defensive argument that customers do not connect the trademark with the Olympic Games but its earlier trademark OLYMPIC CASINO instead. As the words OLYMPIC-CITY were linked to each other, the Board considered it more likely that the trademark refers to a city that organises the Olympic Games.

Although the list of services of the IOC trademark did not include "gambling", the Board of Appeal agreed with the IOC that gambling belongs to the field of entertainment. Therefore, both marks covered identical and similar services.

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LATVIA

Singapore Treaty on the Law of Trademarks

On 17 July 2008, the Saeima adopted the law "On the Singapore Treaty on the Law of Trademarks".

The Singapore Treaty regulates the main elements of administrative procedures for trademark registration at international level. It continues, updates, and extends the provisions of the Trademark Law Treaty of 27 October 1994 (in force in Latvia since 1999). The Singapore Treaty will come into force only after it has been ratified by 10 countries.

The objective of the Singapore Treaty is to simplify procedures for trademark registration and to harmonize them internationally, thus facilitating administrative acts to be taken by trademark applicants and owners in order to acquire trademark rights and maintain them in various countries, even in circumstances when these persons possibly do not know the respective provisions of national legislation in detail.

Latvia's joining the Singapore Treaty necessitates amending the law "On Trademarks and Geographical Indications" as to extending and renewing terms applied in trademark registration procedure.

Research on court practice in trademark disputes

For the first time in Latvia, broad research has been carried out regarding case law in the field of industrial property. With the help of specialists from the Patent Board, the Supreme Court has compiled case law in civil cases related to trademark disputes.

The compilation reviews the main problems of applying material and procedural norms of trademark rights and analyses approximately 200 court decisions taken in the period from 2003 to 2006. It was found that trademark disputes in Latvia are the most common disputes in the field of intellectual property, and in volume they significantly exceed patent and design disputes, as well as disputes on copyright protection.

The authors of the research found several problems where case law is inconsistent or unconvincing. Difficulties are mainly detected in understanding norms and their precise application in light of interpretation of legal norms from the European Court of Justice.

Nike: successful action against Chinese producer

On 20 November 2008 a decision of the Board of Appeals of the Latvian Patent Office was published in the official gazette concerning opposition proceedings initiated by Nike International LTD ("Nike"). Nike opposed registration of a graphic trademark imitating the graphic element of the Nike trademark (wing) in the name of the Chinese company Guirenniao (Fujian) Shoes & Plastics Co. Ltd., arguing that the trademark opposed was confusingly similar to Nike's earlier and well-known trademarks.

The Board of Appeals granted the opposition and decided that international registration of the opposed Chinese trademark should be declared invalid in Latvia. The reasoning of the decision was the following:

- The opposed trademark was registered in respect of different footwear, while Nike's trademark was registered only for sports shoes. Still, it was decided that the goods covered by the trademarks are identical and similar.
- As footwear represents widely used goods, the overall impression given by the trademarks in question should be judged from the point of view of the average consumer.
- The main element of the opposed trademark was a precise picture of the wing contained in the Nike trademark, only in the opposed trademark the wing was turned upside down; other elements of the opposed trademark (the same wing picture and a dot) were substantially smaller. Taking into account that the trademark would usually be placed on shoes, consumers would see it from different sides, also upside down. This confirmed the risk that relevant consumers would be misled that the opposed trademark was linked to Nike.
- It was affirmed that the Nike's graphic trademark (the wing of Nike, the Greek goddess of victory) has been a well-known trademark in Latvia with respect to sports shoes and clothing since before 2004. The supporting facts being: the Nike trademark is one of the most recognized trademarks in the world; the substantial number of publications available about Nike and its trademarks in different countries; sales of Nike goods in Latvia at least as from 1994 and data about turnover levels; sales by internet; information availability about Nike in the Latvian mass media. Therefore, Nike trademarks enjoy protection as well-known trademarks.
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LITHUANIA

Finally a Lithuanian court decision regarding .lt ccTLD

On 1 October 2008 the Vilnius District Court, namely the judge Marijonas Greicius, adopted a decision in the civil case No. 2-1061-623/08 between the claimant Pieno zvaigzdes AB and the respondent Edvardas Kostkevicus.

On 25 July 2007 E. Kostkevicus registered internationalised .lt country code top level domain name (ccTLD) pienozvaigzdes.lt and contacted the claimant, one of the biggest milk-processing companies in the Baltic States offering to acquire this domain name. When E. Kostkevicus did not respond to the requirements of Pieno zvaigzdes AB to immediately cease any use of the domain name pienozvaigzdes.lt and transfer it to Pieno zvaigzdes AB, the latter referred to Vilnius District Court with a claim for violation of its trade mark rights and the company name.

The court found that the respondent was seeking unfair profit, did not have any legitimate interest in the domain name pienozvaigzdes.lt, violated trade mark rights of the claimant and rights to its company name.

Most importantly, the court admitted that current Lithuanian national legislation is not sufficient to determine the relation between domain names and trade marks, company names and acts of unfair competition. Consequently, the court applied analogy from the international legal acts and case law, namely the court referred to Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu TLD and principles governing registration.

Hopefully, this will lead to the more consistent court practise in resolution of .lt domain name disputes, while the initiatives to create alternative dispute resolution mechanism for .lt domain name disputes is still in the working stage.

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Amendments to Law on Design come into force

On 26 September 2008 amendments to the Law on Design came into force. These were introduced following Lithuania's accession to the Geneva Act of the Hague Agreement Concerning International Deposit of Industrial Designs.

The changes had to be introduced to enable the owner of an industrial design to protect the design in several countries by filing a single application. The system benefits applicants by enabling them to seek protection for industrial designs in several countries with one design application. The application has to be filed with the national industrial property office (in Lithuania – the Lithuanian State Patent Bureau) or the International Bureau of WIPO in one language. The fees are paid in one currency, Swiss Franks. The basic fee for an international application for one design is 397 Swiss Franks (ca EUR 250).

Implementation of the requirements of the Geneva Act is also reflected in other national legislation, namely Regulations of Register of Design (amendments in force as of 29 October 2008), Rules on Examination of Appeals and Oppositions (amendments in force as of 25 September 2008). In addition, the director of the Lithuanian State Patent Bureau by Order No 3R-72 approved the Rules on Design Registration, as well as a Schedule on procedure for Data Announcement of the Lithuanian Design Register.

After accession to the Hague System, protection of industrial designs in Lithuania may be acquired in three ways: national registration under the Lithuanian Law on Design; regional registration under the Community design regulation for protection in the European Union; and international registration under the Hague system. On 24 November 2008, the first international application was filed with the Lithuanian State Patent Bureau.

International registration of industrial designs allows Lithuanian and foreign applicants to acquire international protection over their industrial designs much more rapidly and easily.

Ratification of the London Agreement for a simplified post-grant language regime

On 28 October 2008 the Lithuanian Parliament ratified the Agreement on Application of Article 65 of the Convention on the Grant of European Patents (European Patent Convention) – the London Agreement – which is an optional agreement aiming at reducing the costs relating to translation of European patents.

A European patent is a patent granted by the European Patent Office under the procedures of the European Patent Convention. In order to acquire a valid European patent, applicants had to translate the text of a European patent into the national language of every country in which they wanted to register it. This obligation created additional translation costs, which amounted on average to 40% of overall patent costs.

The aim of the London Agreement is to reduce costs by introducing a cost-attractive post-grant translation regime for all European patents. States Parties to the agreement have agreed to waive - entirely or largely - the requirement for translations into their national language of patents already granted.

States sharing an official language with the European Patent Organization will entirely dispense with translation requirements. In these states, a translation of the European patent will no longer have to be filed, so that additional fees for translation and representation will be eliminated.

States that share no official language with the European Patent Organization may still require translation of claims of a European patent into their national language. Lithuania is among those countries, but does not require translation of the patent description into English.

This is the outcome of longstanding efforts to provide a cost-attractive post-grant translation regime, which began in the 1990s in the framework of the European Patent Organization and was concluded at the Intergovernmental Conference held in London on 17 October 2000.

Rules of compulsory licensing of pharmaceutical patents come into force

In 2007 the Law on Patents was amended to introduce regulation for compulsory licensing of pharmaceutical patents in compliance with Regulation (EC) No 816/2006 of the European Parliament and of the Council.

The Lithuanian Ministry of Economy was nominated to ensure implementation of Regulation No 816/2006. On 28 August 2008 the Minister of Economy approved the Rules on Implementation of Regulation (EC) No 816/2006 of the European Parliament and of the Council of 17 May 2006 on Compulsory Licensing of Patents Relating to the Manufacture of Pharmaceutical Products for Export to Countries with Public Health Problems. These Rules lay down the procedure for issue, control, changes and revocation of conditions of compulsory licences.

Medicines under compulsory licence may only be exported from Lithuania to other countries in need,

and the Ministry of Economy issues compulsory licences only for export.

The aim of compulsory licensing of pharmaceutical patents is to balance the public health interest of countries with insufficient or no manufacturing capacity in the pharmaceutical sector and the interests of intellectual property right holders.

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BELARUS

Trademarks to be registered by individual entrepreneurs and legal entities only

Amendments to certain laws on IP rights are under discussion in the Belarusian Parliament. If the amendments are adopted, natural persons will be deprived of the right to register a trademark or a service mark. An exception to the rule will be the possibility to register trademarks available to individual craftsmen and individuals supplying services in the sphere of agricultural and ecological tourism.

The amendments are aimed at prevention of trade mark registration by individuals who do not produce goods or supply services. The ground for this is that such individuals often abuse their right and register trade marks for further speculation and blackmail.

However, concerns have arisen that adopting the amendments may affect the rights of good faith users. In particular, in the case of liquidation of a company, shareholders will not be able to preserve trademarks and register those trademarks in their own name.

Currently, the amendments have passed their first reading in the Parliament.

New definition of cartographic creations introduced

A new definition of cartographic creations was introduced by amendments to the Law on Copyright and Related Rights. A cartographic creation is defined as a map, plan, atlas or other creation containing a cartographic image of the Earth, another celestial body or space as the main part thereof. In comparison to the existing definition, the new definition is more precise; it was adopted to bring it into line with the new Law on Geodesic and Cartographic Activity.

The amendments to the Law on Copyright and Related Rights were adopted on 14 July 2008 and come into force on 29 March 2009.

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Re-registration of mass media in February

As stated by the first deputy of the Minister of Information at the press-conference in Minsk in the end of August 2008, all mass media of the Republic of Belarus will be subject to re-registration

in February 2009, when the new wording of the Law on Mass Media enters into effect. New wording of the Law on Mass Media provides for definitely new framework for mass media in Belarus.

The most significant innovations of the law refer to the amount of foreign capital in the sector of mass media. Namely, stakes of foreign investors in the share capital of a mass media establishment founder may not exceed 30%. The first deputy of the Ministry of Information assured, however, that this requirement is not applied to mass media establishments which were registered before July 2008, since the law has no retroactive effect. At the same time all mass media establishments registered after July 2008 should comply with requirements on maximum amount of foreign capital in the share capital of their founders.

National Centre of Intellectual Property introduces its concept of new edition of the Law on Copyright and Related Rights

National Program on Protection of Intellectual Property in 2008-2010, adopted by the Council of Ministers in November 2008, provides for amendments to the Law on Copyright and Related Rights. The National Centre of Intellectual Property is entitled to draft concept of the amendments to the laws of the Republic of Belarus on Intellectual Property. The concept on the amendments to the Law on Copyright and Related Rights was introduced in August 2008.

The concept of the National Centre of Intellectual Property provides for the following amendments:

- to increase the term for protection of copyrights to 70 years from the date of author's death. Now this term amounts to 50 years from the date of author's death;
- establishment of different rules on ownership to works achieved in course of employment;
- to introduce regulations on agreements on transfer of copyright, service agreements with author, license agreements. Effective Law on Copyright provides solely for copyright agreements;
- to introduce liability of Internet providers for violation of copyrights;
- to include regulations on collective management of copyrights;
- to provide for additional protection of databases.

The concept of the National centre of Intellectual Property is published on its web-site www.belgospatent.org.by.

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NEWS IN SORAINEN

Recent deals

Advising in the most scandalous IP law related court case in Lithuania

Advising one of the most popular and well respected in Lithuania musician also songwriter, actor, performer and record producer – Andrius Mamontovas, in a court case against one of the Lithuanian music production companies - "Bombos irasai" for breach of contractual obligations and violation of author's and performer's rights. The case was closed by amicable settlement on 18 November 2008. The projects were led by partner Renata Berzanskiene.

Advising in dispute with music production companies

Sorainen Vilnius office is advising **Gytis Paskевичius**, a well known Lithuanian musician, songwriter and performer on the music scene, in a dispute with a Lithuanian music production company for breach of contractual obligations, as well as our client's author's and performer's rights. We are also advising **Jurgis Didziulis**, the leader of popular Lithuanian band InCulto, in a court dispute with a local music producer regarding breach of contractual obligations by the music producer and its unwillingness to cooperate. The cases are being handled by partner Renata Berzanskiene and associate Vyte Danileviciute.

Advising in dispute with a composer

Sorainen Vilnius office is representing **Povilas Meskela** – the well-known Lithuanian rock musician - in a dispute with a composer. The dispute relates to violation of composer's rights and production of musical work presented by the Lithuanian representative at the Eurovision song contest in 2008. The case is being handled by specialist counsel Paulius Koverovas and associate Vyte Danileviciute.

Other

The Financial Times awards Sorainen as the best Baltic law firm

On December 10, Sorainen received in London the Baltic Legal Advisor of the Year 2008 award from The Financial Times and Mergermarket. The annual European M&A Awards aim to recognize the leading law firms and financial advisors in the M&A (mergers and acquisitions) field in Europe. This is the first time for The Financial Times and Mergermarket to select and award the best law firm in the Baltics. The award went to the leading Baltic law firm, which advised on the largest number of transactions and for the largest total value in the Baltics. During 2007-2008 Sorainen advised on transactions with a total value of over EUR 3 billion.

Sorainen legal blogging

Sorainen lawyers are blogging in major business media in the Baltics: on *Aripaev*, *Dienas Bizness*, *Verslo Zinios* and *Baltic Business News* respectively. You are welcome to visit our blogs and share your views: www.aripaev.ee (in Estonian), www.db.lv (in Latvian) and www.vz.lt (in Lithuanian). Sorainen blogs in English are accessible on www.balticbusinessnews.com. Blog entries are also available for reading at our website www.sorainen.com.