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EU NEWS

Rules updated for registration of “.eu” top-level domains

On 25 October 2007 the European Commission adopted a new regulation – Commission Regulation 1255/2007.

This new regulation amends Commission Regulation 874/2004 that governs registration of “.eu” top-level domains and provides for a list of domain names reserved for European Economic Area member states, EU Member States and candidate countries, and thus can not be registered by frequent applicants. The new Commission Regulation adds to the list of reserved domain names in connection with the admission of Bulgaria and Romania to the European Union.

The list of names reserved for European Economic Area member states, EU Member States and candidate countries is attached to the regulation as an Annex. The number of names reserved for each particular state varies from three for Luxembourg to 141 for Germany. Most countries have reserved only their country name in different languages. Some have also reserved names of different cities, regions, and provinces. However, the list for France *inter alia* includes the words “centre”, “limousine” and “reunion”, the list for Iceland includes the word “island”, and the list for Sweden – the word “suede”.

ECJ issues ruling on the concept of a well known trademark

On 22 November 2007 the European Court of Justice (“the ECJ”) issued a preliminary ruling in case C-328/06 *Nieto Nuno v Monlleo Franquet*.

The basis for the case was a reference for a preliminary ruling made by the Third Barcelona Commercial Court in trademark infringement proceedings between Mr Nieto Nuno, owner of registered trademark FINCAS TARRAGONA, covering various activities in the property field, and Mr Monlleo Franquet, real estate agent in Tarragona (Spain) who had used the trademark FINCAS TARRAGONA in his business since 1978, long before the trademark was registered by Mr Nuno. Mr Nuno claimed that Mr Franquet is infringing his registered trademark, while Mr Franquet counterclaimed that the name under which he carried on his business was an earlier well-known trademark and that registration of the trademark in the name of Mr Nuno should be annulled.

With regard to the fact that Mr Franquet used the trademark FINCAS TARRAGONA only in Tarragona, the Third Barcelona Commercial Court referred the following question to the ECJ for a preliminary

ruling: must a trademark be well known in a whole Member State or in a significant part of the territory of that state or is it sufficient that the trademark is well-known in an autonomous community, region, district, or city of the state - in order to be protected under Article 4 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of Member States relating to trademarks (the “Directive”). Under Article 4 of the Directive, a trademark application will be rejected and a registered trademark declared invalid if it is identical or similar to the extent that there exists a likelihood of confusion with an earlier trademark that is well known in the particular Member State.

The ECJ ruled that a trademark certainly cannot be required to be well known throughout the territory of a Member State and it is sufficient for it to be well known in a substantial part of it. However, the customary meaning of the words used in the expression “in a Member State” preclude application of that expression to a situation where the fact of being well known is limited to a city and to its surrounding area, which together do not constitute a substantial part of the Member State.

The ECJ, however, recalled in its judgment that Article 6(b) of the Directive allows Member States to authorise the use of an earlier right which only applies in a particular locality, within the limits of that locality. In consequence, in case Article 6(b) is implemented in Spanish trademark law, the fact that Mr Franquet uses the trademark FINCAS TARRAGONA in Tarragona does not constitute an infringement of Mr Nuno’s registered trademark within the limits of Tarragona.

New protection for names of wines

During the Agriculture and Fisheries Council of 17 to 19 December 2007 the European Union agriculture ministers reached agreement on a new wine market regulation (“the Wine Regulation”). The draft Wine Regulation is close to completion and is expected to be published in summer 2008.

The Wine Regulation will govern the use of geographical indications and designations of origin as names or as part of names of wines. Geographical indications and designations of origin are indications which identify the wine as originating in a specific geographical area, where a given quality, reputation, or other characteristic of that wine is essentially attributable to its geographical origin. Designations of origin will differ from geographical indications in such a way that they will be subject to stronger protection.

The Wine Regulation will provide that in order to use a specific geographical indication as the name or part of the name of a wine, 85 % of the grapes used for producing the particular wine need to

EU

Rules updated for registration of “.eu” top-level domains

Estonia

Use of survey evidence clarified in trademark infringement case

Latvia

“Knickknack” changes in Copyright Law

Lithuania

Limitations increased on exclusive author’s rights

Belarus

Issues of remuneration for reproduction regulated

Sorainen

Sorainen launches office in Minsk, capital of Belarus

LEGAL UPDATE

originate from the area concerned. The name of the wine would be protected as a designation of origin only if all grapes used for producing the wine originate from that area.

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ESTONIA

Use of survey evidence clarified in trademark infringement case

Harju County Court recently delivered a decision in a trademark infringement matter concerning similarity of trademarks.

The plaintiff had registered the trade mark “shape of a bottle” (device mark without verbal elements) for designating its cleaning preparations. This trademark was used by the plaintiff together with the well-known trademark DOMESTOS. In offering its licensor’s cleaning preparations under the trademark DOSIA, the respondent used packaging with similar features to the plaintiff’s registered device mark, such as the same colour combinations, size, oval shape, and curved neck of the package. The plaintiff argued that the packages are confusingly similar. Both parties submitted survey evidence which identically showed that 24 % of local consumers considered that confusion of the packages is likely.

The court found that although the packages had coinciding elements, these elements were functional and customary in respect of packages of cleaning preparations. Therefore, despite the similarity of the packages, no likelihood of confusion existed between the plaintiff’s trademark and the package used by the respondent.

As to the surveys, the court took the position that the likelihood of confusion is a legal and not a factual issue, which means that survey evidence can only support legal analysis but cannot be the only basis for determining existence or lack of likelihood of confusion of trademarks. The court also pointed out that when conducting a survey, signs to be compared in the survey should be the trademark reproduction as registered and the allegedly infringing sign as used. This conclusion was based on clause 12(1)2 of the Trademark Act, under which the scope of legal protection of a trademark is based on the reproduction of the trademark entered in the register. In both surveys, customers compared packages with labels, i.e. the plaintiff’s trademark as registered was not shown to customers. Therefore, the court found that the results of surveys did not give grounds for changing the court’s conclusion about lack of confusion.

Amendment to the Copyright Act limiting rights of performers and phonogram producers

On 15 May 2008, an amendment to the Copyright Act came into force. Amended section 13³ of the Copyright Act limits rights of authors, performers, and phonogram producers.

The previous version of the law required libraries to obtain consent from performers and phonogram producers for lending out sound recordings to library users. This regulation created several problems for

libraries as many performers or phonogram producers refused to grant consent or it was not clear to whom rights belong.

Under the amended law, consent is no longer required but authors, performers, and phonogram producers are entitled to compensation for use of their rights. Compensation is paid by State funds through the Author’s Compensation Fund (*Autorihuvitusfond*), with payment based on the number of loans of the recording registered by libraries. Compensation is equally divided between authors, performers, and phonogram producers. A similar system is already in force in respect of lending out books.

Lending out a recording is allowed after four months have passed from the date of distribution of the recording in Estonia. Libraries calculate the four-month period from the date of insertion of the recording in their collection.

The amended law additionally enables libraries, archives, and museums to lend out sound recordings to users for on-site use without consent from and compensation to right holders.

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LATVIA

“Knickknack” changes in the Copyright Law

On 5 January 2008 amendments to the Latvian Copyright Law entered into force. The amendments introduce various small changes. These changes include the following:

- Reproduction for museum purposes has been added to the list of exceptions – cases when copyrighted works can be used without the author’s permission and without payment of remuneration. Besides reproduction purposes, the Copyright Law also allows use of copyrighted works without the author’s permission and for free, for example for information and educational purposes (both subject to limitations stated in the law), for the purposes of disabled persons, in case of reproduction for the purposes of libraries and archives, where the work is publicly accessible.
- New conditions have been introduced under which musical works can be played for the purposes of education in educational institutions. Under the amendments, this can be done only for non-commercial purposes and on condition that the author’s name and title of the work are indicated.
- Under the amendments, the provisions of the Copyright Law that apply to nationals or the territory of the European Union (for example, rights of the author of a data base are protected under Latvian Copyright Law if the author is an EU national) now also apply to nationals or territories of Iceland, Lichtenstein, and Norway.
- Under the amendments, publication in newspapers of political speeches without the author’s permission is no longer allowed.

FANTA vs. FANTAZIJA

On 20 March 2008 the decision of the Board of Appeals of the Latvian Patent Office (“the Board of Appeals”) was published in the official journal of the Latvian Patent Office in opposition proceedings initiated by THE COCA-COLA COMPANY (“Coca-Cola”). Coca-Cola had filed an opposition to registration of the trademark FANTAZIJA in the name of the Lithuanian company UAB “BOSLITA” IR KO, arguing that the trademark FANTAZIJA is confusingly similar to Coca-Cola’s registered and well-known trademark FANTA. Under Latvian trademark law, trademarks that are well-known in Latvia are protected even if they are not registered with the Patent Office.

The Board of Appeals rejected the opposition and decided to register the trademark FANTAZIJA. The reasoning behind this decision of the Board of Appeals was the following:

- The trademark FANTAZIJA was applied for registration with respect to alcoholic drinks whereas the trademark FANTA is registered in Latvia for non-alcoholic drinks. Thus registration of the trademark FANTAZIJA can be opposed only on the basis of the fact that FANTA is a well-known trademark in Latvia.
- The trademark FANTAZIJA fully embodies the trademark FANTA. However, the word “fantazija” in Latvian means “fantasy” and therefore consumers would in the first place perceive the meaning of the word, not the similarity of its spelling to the trademark FANTA. Coca-Cola argued that the name FANTA also originates from the word “fantasy”, but the Board of Appeals rejected this argument saying that Coca-Cola had presented no evidence that this fact is known to consumers or that consumers would associate the word “fantasy” or “fantazija” with the trademark FANTA. Consequently, the trademarks FANTAZIJA and FANTA are not confusingly similar.
- It was admitted that the trademark FANTA was already well-known for soft drinks in Latvia in the Soviet era and that Coca-Cola’s soft drinks including FANTA are still popular among Latvian consumers. However, although Coca-Cola’s Community trademark FANTA is also registered for alcoholic drinks, Coca-Cola had not presented any evidence that the trademark FANTA has ever been used for alcoholic drinks.
- The trademark FANTA is well-known in Latvia in relation to an orange soft drink which is especially popular among children and young people.
- Therefore a decision that the trademark FANTA is similar to the trademark applied for registration with respect to alcohol could destroy in consumers’ minds the positive image and the good reputation of the trademark FANTA and thus harm the interests of Coca-Cola itself.

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LITHUANIA

Limitations increased on exclusive author's rights

On 13 March 2008 the Lithuanian Parliament adopted an amendment to the Law on Copyright and Related Rights ("the Law"). The amendment introduced a single change in Article 33 of the Law, which deals with public display of works.

The earlier version of this Article allowed public display of an original work of fine art or a copy without authorisation of the author or the author's successor in title, if a work had been sold or its ownership had otherwise been transferred and where the author or the author's successor knew or had reasonable grounds to know that such public display (exhibition) of works constituted part of the regular activities of the person who had acquired the work, but only when such activity had been carried out without any direct or indirect aim of commercial benefit. The new law waives the requirement relating to commercial benefit, thus allowing public display of works without paying remuneration to authors in most cases, including when certain activities are carried out for profit.

This amendment was a response to the conflict which arose in the summer of 2007 between the Agency of the Lithuanian Copyright Protection Association (Lietuvos autoriu teisiu gynimo asociacijos agentura (LATGA-A); "the Association") and the administrator of the Grutas Park sculpture garden of Soviet-era statues and an exhibition of other ideological relics. Entrance to Grutas Park is subject to a fee. The Association required the administrator to conclude a typical copyright agreement and to pay remuneration for display of the works, since the administrator was profiting from its activity. When the administrator refused to conclude any agreements or to pay, the Association filed a claim in the Vilnius District Court. The case is still pending in the first instance court, the outcome is unclear, and the situation is highly controversial.

The position of the legislator, however, favours users of works and not their authors.

Legislator supports consumers in the field of advertising

On 12 January 2008 the Lithuanian Parliament adopted an amendment and addendum to the Law on Advertising implementing Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market.

One of the major tasks in the process of adopting changes to the Law on Advertising was to extend and clarify the concept of misleading advertising. One of the criteria for determining advertising as misleading established by law is providing incomplete information, namely, when essential information needed to avoid misleading consumers is omitted. The amendment also defines information as incomplete in cases where information is hidden or provided in an unclear, unintelligible, ambiguous, or untimely manner and where this causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise.

When the laws of Lithuania establish that providing certain information in advertising is mandatory, then such information is regarded as essential in all cases. Thus, failure to provide information required by law will result in misleading advertising.

Two other criteria for determining misleading advertising remain unchanged: advertising is also regarded as misleading when it provides false statements or is presented in a way that may misguide the consumer.

The legislator has also changed the procedure for applying liability for violations of law on advertising by extending the range of applicable fines and warnings. Under the new fine system, the use of misleading or non-permitted comparative advertising may attract a fine amounting from app. EUR 290 to app. EUR 8,690. In cases where violations are committed under aggravating circumstances, advertisers may be fined up to app. EUR 34,754. However, where a violation is of little importance and does not cause essential damage, the Competition Council may impose an administrative penalty in the shape of a warning, without imposing a fine on advertisers. In any case, a fine imposed for violating the Law on Advertising may not exceed 3 % of the advertiser's annual income earned during the previous financial year.

These changes brought into statutory regulation of advertising evidence striving for support of the weaker party – the consumer in the field of advertising.

Anticipated changes in administrative and criminal liability for infringing intellectual property rights

On 2 April 2008 the Lithuanian Government approved draft laws amending certain articles of the Criminal Code and of the Code of Administrative Offences.

The draft laws aim to delimit criminal and administrative liability and to differentiate between liability for administrative and criminal offences of different seriousness. The draft laws will now be considered in the Lithuanian Parliament.

The anticipated changes are in line with one of the goals foreseen in the Program of the Lithuanian Government for the year 2006-2008, namely to increase and ensure effective protection of intellectual property rights in Lithuania.

Trade mark "Cavewoman" remains with the original producer

On 12 March 2008 the Lithuanian Court of Appeal delivered judgment in case No. 2A-219/2008 between UAB "Baltijos reklamos projektai" and UAB "Baltijos muzika" concerning copyright infringement and unfair competition.

UAB "Baltijos muzika" produces the mono-performance "Caveman" in Lithuania. The play has been widely shown in many countries, and has become extremely popular in Lithuania since its launch in 2005. In view of the great success of "Caveman", the same company was planning to present "Cavewoman" to the Lithuanian market. However, the first to do so was another company, UAB "Baltijos reklamos projektai". UAB "Baltijos muzika" succeeded in the court of first instance – Vilnius District Court – which in its decision of 22 October 2007 found that the actions of UAB "Baltijos reklamos projektai", namely, registration of the domain names *urvinemoteris.lt* and *urvine.lt* (corresponding to the Lithuanian translation of "cavewoman"), use of the name "Cavewoman" as the name of a play and use of the picture of a cavewoman which imitated the logo of the claimant, constituted acts of unfair competition.

The Court of Appeal supported the conclusions drawn by the Vilnius District Court and rejected the appeal filed by UAB "Baltijos reklamos projektai". The Court of Appeal reconfirmed that protection against unfair competition serves not only competing businesses, but is also aimed at consumer protection. In the case at hand, the courts relied on public opinion surveys, which indicated that over 60 % of respondents related the name and the play "Cavewoman" to the name and the play "Caveman". Moreover, 49 % of respondents who had seen the play "Caveman" stated that they would be interested in seeing the play "Cavewoman". Based on such evidence and other arguments, the courts found that UAB "Baltijos reklamos projektai" using the reputation of the newly created genre in Lithuania – mono comedy – had gained economic benefit and engaged in unfair business practice.

The Court of Appeal further stressed that the constitutional principle of freedom of creativity must be exercised without violating the rights and interests of other parties.

Importers of audio or audiovisual analogue/digital recording media from European Union countries are subject to copyright levy

On 3 March 2008 the Lithuanian Supreme Court delivered its decision in a case between the Agency of the Lithuanian Copyright Protection Association and UAB "Trajektorija".

The most important answer provided by the Supreme Court was the meaning of the term "importer". According to article 20 of the Law on Copyright and Related Rights, producers and importers of audio or audiovisual analogue/digital recording media intended for personal reproduction must pay compensation for reproduction of works for personal use, except in cases where such blank media are brought into the country exclusively for private use. Neither the Law nor the Order on Distribution and Payment of Compensation for Reproduction of Audiovisual Works or Phonograms for Personal Use approved by the Government Decree No. 1106 on 29 March 2003, provide an explanation of the term "importer".

After accession to the European Union, importers bringing blank media from other European Union countries refused to pay compensation, considering themselves as not falling within the meaning of the term "importers". The Supreme Court rejected this interpretation, thus clarifying that all importers bringing audio or audiovisual analogue/digital recording media into Lithuania are subject to pay compensation for reproduction of works for personal use.

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BELARUS

Issues of remuneration for reproduction regulated

The procedure for collecting remuneration for reproduction for private use of audio-visual creations and creations in the form of sound recordings was approved by Resolution of the Council of Ministers No 321 dated 3 March 2008. Although the concept of remuneration as such was provided for in the Law on Copyright and Adjacent Rights, neither a procedure for collection and distribution nor rates of remuneration were established.

Remuneration should be paid by producers of equipment and media commonly used for reproduction of creations for private use. The Resolution also approved rates of remuneration for such reproduction. Collection and distribution of remuneration among the authors should be carried out by the National Centre of Intellectual Property.

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A WORD OF ADVICE

Cases of fraud

We consider it necessary to warn clients who apply for international trademark registrations and Community trademarks about cases of fraud.

Be aware that certain organizations are sending letters to international and Community trademark applicants, offering them unofficial registration of their trademarks in a register to be of an official nature. Similarly, other organisations are sending letters to applicants requesting payment for publication of their trademarks in a gazette which seems to be official.

We have noted that for "registration" these organizations are asking for payment of a sum which is usually higher than the relevant official fees. Furthermore, no separate official publication fee is requested from applicants for international or Community trademarks.

Such registration or publication has no legal effect whatsoever and is absolutely unnecessary.

If you receive any letter or invoice offering registration or publication of your international trademark or Community trademark, you should check carefully what is being offered to you and from which organisation it comes. Official sources are the WIPO International Bureau in respect of international trademarks and OHIM in respect of Community trademarks.

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NEWS IN SORAINEN

■ Recent deals

Representing Allied Irish Bank in registration of seven domain names in Estonia.

Sorainen Tallinn office assisted Allied Irish Bank (AIB), the largest bank in Ireland, which recently entered the Estonian market, in registration of seven domain names in the name of AIB's Estonian branch. This was a significant result as under the existing domain name rules only one domain name per entity can be registered and AIB's Estonian branch already had one registered domain name in Estonia. Sorainen was able to demonstrate to the official administrator of .ee domains that the client has a legitimate interest in additional .ee domain names. The case was handled by trademark attorney Indrek Eelmets and senior associate Triin Toomemets.

Advising leading telecommunication service provider

Tallinn office advised one of the largest telecommunication service providers in Europe on a question related to legal protection of a non-conventional trademark consisting of colour per se. The client had registered a colour as a trademark and a local telecommunication service provider used the same colour in relation to its products and services. Advice was provided by senior associate Triin Toomemets and trademark attorney Indrek Eelmets.

Advising global pharmaceutical company

A global generic pharmaceutical company planning to market its products in the Baltics asked Sorainen to prepare a risk assessment and advise on how to minimize risks in the light of a potential claim by a competitor who might allege that its patent was infringed by a product launch. The case was supervised by Riga office partner Agris Repss.

Assisting major American film studio

Sorainen Riga office assisted a major American film studio in its negotiations with publishers of a best-selling English author's book in Latvia. The client wanted to enter into a translation copyright agreement on obtaining rights to use the Latvian translation of the book for a new movie based on the book. We assisted in preparing the agreement from the local law point of view as well as negotiating terms of agreement with local publishers. The case is significant because this is the first time in Latvia that such a contract has been concluded with a well-known Hollywood moviemaker. The case was led by Riga office partner Agris Repss.

Advising on music production agreement

We advised the client on a music production agreement with Omnitel, the biggest mobile operator in Lithuania, with Andrius Mamontovas, one of the best known and most popular pop-singers in Lithuania, who has won all possible music awards in his home country, as well as being a composer and actor. He also represented Lithuania at the 2006 Eurovision Song Contest. The client was advised by partner Renata Berzanskiene and legal assistant Vyte Danileviciute.

Advising world's second largest quick-service restaurant system

Sorainen Vilnius office advised the world's second largest quick-service restaurant system on domain name registration. The client was advised by partner Renata Berzanskiene.

■ Other

Sorainen launches office in Minsk

Sorainen opened an office in Minsk, capital of Belarus, on Wednesday 19 March 2008. Sorainen is now the first leading regional law firm in the European Union to open an office in Belarus.

According to Aku Sorainen, Managing Partner, the launch of the Minsk office was occasioned by clients' increasing interest in Belarus. "For many Western-European companies, Belarus is an entirely unexplored area of great potential as its territory exceeds the area of all the Baltic States taken together. The government of Belarus has recently taken a number of measures to open up its business environment for EU businesses and to attract foreign investors to the country. This in its turn increases the demand for high-quality legal assistance in Belarus", says Aku Sorainen.

The Minsk office is fully integrated with Sorainen's other offices, advising clients in business, M&A, and trade law matters. The office specialises in advising on M&A, finance, banking, property, business, and tax law matters.

The newly opened Minsk office employs four lawyers and is already looking for new team members. The office is headed by Partner Maksim Salahub.

Information about other Minsk office employees is available on our webpage: www.sorainen.com/?id=21912