

The March 2020 issue of Sterne Kessler's MarkIt to Market® newsletter provides practice pointers gleaned from a recent Federal Circuit ruling regarding certification marks and discusses the upcoming addition to the Hague System and the new gTLD sunrise period now open.

We hope you are staying safe and healthy as the COVID-19 situation continues to develop. Sterne Kessler remains 100% operational to serve the needs of our clients; read more in our press release linked at the end of this newsletter.

Sterne Kessler's <u>Trademark & Brand Protection practice</u> is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact Monica Riva Talley or Tracy-Gene G. Durkin.

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STERNE KESSLER 100% OPERATIONAL -- SEAMLESS SERVICE FOR OUR CLIENTS

As the global situation with COVID-19 continues to unfold, Sterne Kessler has announced that the firm is 100% operational to serve clients' intellectual property needs.

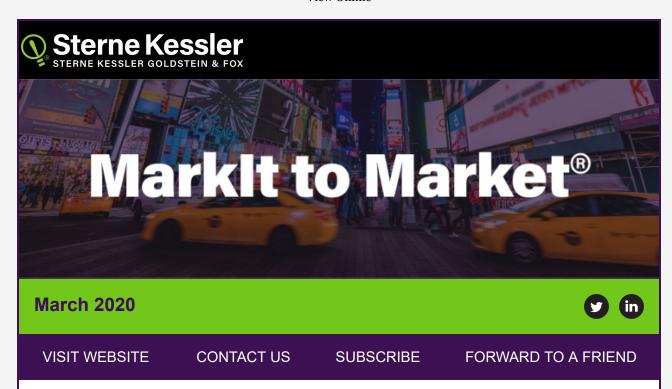
Read our Press Release

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In a recent Federal Circuit ruling, <u>ICCS USA Corp. v. United States</u>, <u>2019-1561 (Fed. Cir. March 11, 2020)</u>, the Court affirmed a decision by the U.S. Court of International Trade with respect to misuse of a certification mark on goods being imported into the United States.

In this case, ICCS USA Corp. (ICCS), an importer of butane gas canisters, imported nearly 60,000 butane gas canisters into the U.S. in January 2017. The canisters were "Premium" model canisters, and they bore a certification mark owned by Underwriters Laboratories Inc. (UL). Under UL's certification standards, each model of gas canister needs to be separately certified in order to bear the certification mark. Unfortunately for ICCS, its "Premium" model of canister had not been certified by UL at the time of the importation. ICCS argued that the "Premium" model was simply another version of model canister that had previously been certified, and that the differences between those two models were "superficial." However, UL's standards are clear that new models can only be certified after going through an inspection and authorization process, and the "Premium" model had not gone through the process at the time of importation.

Because use of the UL certification mark was unauthorized at the time of importation, the gas canisters were deemed to be counterfeit, and Customs issued a notice demanding that ICCS redeliver the counterfeit canisters. ICCS redelivered approximately 29,000 of the 60,000 canisters, and Customs issued an order demanding liquidated damages for the remaining canisters.

During the pendency of the action, ICCS received certification for its "Premium" model. In response, Customs stated that it would stipulate the case if UL retroactively approved use of the certification mark on the "Premium" canisters.

However, UL denied ICCS's request to retroactively approve use of the certification mark on the "Premium" canisters, saying that to do so would be setting a bad precedent that would essentially allow companies to apply the UL certification mark to products prior to certification (in other words, it would provide an incentive to ask for forgiveness rather than permission).

UL's denial of the requested retroactive certification of the canisters only enhances the strength of its certification mark – purchasers of the canisters can trust that canisters bearing UL's certification mark have met a number of quality and safety standards. There were a number of

other procedural issues and arguments in this case but, ultimately, the Federal Circuit affirmed the grant of summary judgment to the government, and required ICCS to comply with the demand for liquidated damages.

Owners of certification marks should take two lessons from this case – first, make certification standards very clear so that there is no room for misinterpretation or negotiation about who or what is being certified. Second, be very strict when enforcing unauthorized use of a certification mark—strict enforcement will serve only strengthen customer recognition of the quality of the goods or services certified using the mark.

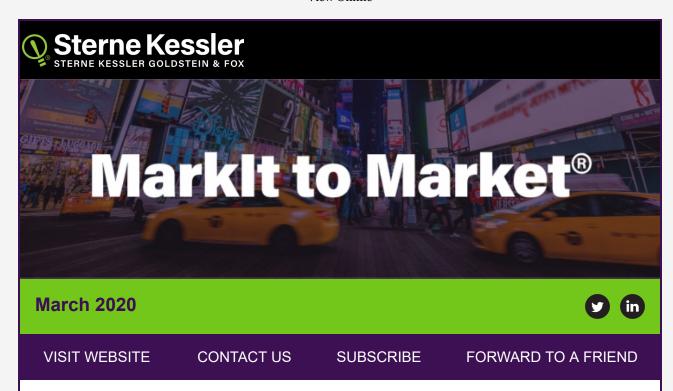
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74 MEMBERS STRONG

By: Elizabeth O. Kharman

The Hague System, the international registration system for industrial designs, will reach a new high point when Mexico officially joins later this year. The Hague Agreement will enter into force in Mexico on June 6, 2020. With Mexico's entrance in the system, the list of countries and intergovernmental organizations will now number 74. Mexico's accession is also a significant milestone, giving Mexico membership in all three of the international e-filing systems for intellectual property (patents, trademarks, and designs).

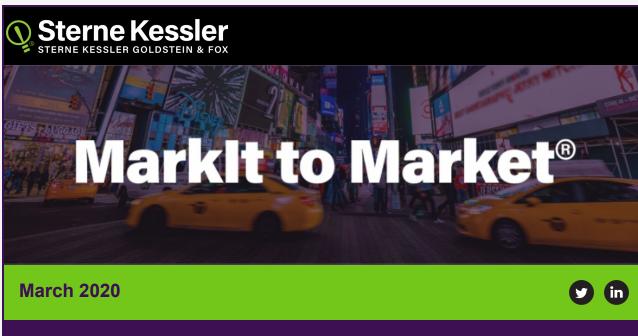
Currently under the Hague system designs can be registered through the Patent Offices in the following member countries and regions: the African Intellectual Property Organization (OAPI), Albania, Armenia, Azerbaijan, Belgium, Belize, Benin, Bosnia and Herzegovina, Botswana, Brunei, Bulgaria, Cambodia, Canada, Côte d'Ivoire, Croatia, Denmark, Egypt, Estonia, European Union (EU), Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Hungary, Iceland, Israel, Italy, Japan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Mali, Monaco, Mongolia, Montenegro, Morocco, Namibia, Netherlands, Niger, North Korea, Norway, Oman, Poland, Portugal, Republic of Moldova, Romania, Russia, Rwanda, Samoa, San Marino, Sao Tome and Principe, Senegal, Serbia, Singapore, Slovenia, South Korea, Spain, Suriname, Switzerland, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine, United Kingdom, United States, and Vietnam.

After Mexican membership comes into force in June, applicants can designate Mexico in their international design applications ("IDAs"). The Hague system has grown in recent years making it an attractive filing venue for design rights applicants. The Hague system can be both an efficient and easy choice for applicants looking to file globally because there is just one application, one language, and one set of filing fees. However, the Hague system does not eliminate substantive examination or patentability requirements in any country, therefore, local rules and regulations should be considered before designating Mexico or any country in an IDA.

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gTLD SUNRISE PERIOD NOW OPEN

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As of February 27, 2020, ICANN lists a new Sunrise period as open for the following new gTLD that may be of interest to our clients. A full list can be viewed <u>here</u>.

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ICANN maintains an up-to-date list of all open Sunrise periods <u>here</u>. This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found <u>here</u>) to identify those that are of interest.

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