

ALERT
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BRITISH VIRGIN ISLANDS BEGINS PUBLIC CONSULTATION ON DRAFT TRADE MARKS BILL

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THORNTON SMITH welcomes the recent release by the Financial Services Commission of the exposure draft of the Trade Marks Bill (the “**Draft Bill**”), published on 23 January 2012 as part of the mandate set by the Premier and Minister of Finance during his Budget Address delivered on 17 January 2012. The Draft Bill represents a major re-write of the British Virgin Islands’ trade mark law. It will replace, consolidate and update the current legislation contained in two primary pieces of legislation, the Trade Marks Act, 1887 and the Re-Registration of United Kingdom Trade Marks Act, 1946, both with minor amendments in 1956 and 1991. Therefore, the Draft Bill has been long overdue.

The key features of the Draft Bill include the following:

(a) Re-Registration of United Kingdom Trade Marks

The Re-Registration of United Kingdom Trade Marks Act (Cap. 157) will be repealed and it will no longer be possible for trade marks which have been registered in the United Kingdom to be re-registered in the BVI with the rights and privileges in the United Kingdom. However, in an attempt to make recognition and registration of trademarks universal as opposed to limited only to the United Kingdom, it will finally be possible for a trade mark owner to claim priority based on an application from a Paris Convention country or WTO Member once the application in the BVI is made within six months after the application on which priority is claimed has been filed.

(b) Licensed Trade Mark Agents

It is currently only necessary for a person to be resident in the BVI to act as a trade mark agent. However, it is proposed that BVI trade mark agents must be licensed by the Financial Services Commission. A person seeking to be licensed as a trade mark agent under the Draft Bill must be either an individual who is fit and proper in accordance with the Regulatory Code, 2009, has an appreciable knowledge of trade mark law, and is competent to perform the duties of a registered trade mark agent having regard to his qualifications and experience, or be a partnership or legal person. If the trade mark agent is a partnership, it must be registered under the Partnership Act, 1996 and have at least one person who in effect must also satisfy the criteria for an individual trade mark agent. If the trade mark agent is a legal person, it must hold a bank or trust license under the Banks and Trust Companies Act, 1990, or a BVI company incorporated for the purpose of performing the functions of a trade mark agent, but in either case, it must have at least one individual who meets the requirements of an individual trade mark agent.

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(c) Definition of Trade Mark

Although the particulars of a trade mark are identified in the present law, there is currently no statutory definition of a trade mark. The Draft Bill seeks to conform to Article 15.1 of the Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994 (“TRIPs”) by requiring the graphical representation of a sign that distinguishes the goods or services of one person from those of another person. Under the Draft Bill, particulars of a trade mark would be considered a “sign” which will be extended to include colour marks, scent marks, sound marks, taste marks, as well as marks in foreign characters such as Chinese, Arabic or Russian characters. Where the trade mark comprises of words or numerals other than English words or numerals, the application would have to be accompanied by a certified translation into, or equivalent meaning in, the English language such as a transliteration of Chinese characters into English. Additionally, the protection of any sign would also include protection of the audible use of the sign.

(d) Trade Marks for Charitable Use

The Draft Bill seeks to address the situation where the concept of a “trade mark” relates to use in a commercial sense. It will be possible for charitable organizations to protect their trade marks under the Draft Bill where the use of a trade mark is in relation to a service which is not provided for money or money’s worth.

(e) Classification of Goods and Services

In the most significant development proposed by the Draft Bill, the BVI will be able to fully protect service marks. There will be a default provision that incorporates the Nice Classification System in the event there is no classification of goods and services prescribed by the Financial Services Commission. The Registrar will be empowered to make amendments to existing registrations where their classifications do not conform to the requirements of the new classification and provision is also contemplated to be made for the Registrar to allow the trade mark owner to submit a proposal for the re-classification of their goods and services.

(f) Opposition Proceedings

The Draft Bill will better streamline opposition proceedings and make some substantial changes. Currently there is no need to establish that a person has an interest to protect by opposing the registration of a trade mark and so anyone can commence opposition proceedings. However, it is proposed that only a person with interest may commence opposition proceedings before the Registrar. A person may have an interest in an application by claiming to be the trade mark owner, a licensee, another connection with the trade mark that the Registrar is convinced is a legitimate interest to be protected, the owner or licensee of a prior trade mark which is identical or similar to the trade mark which is likely to confuse or mislead the public, a person with a reasonable claim that the registration will not be in the public interest, a person claiming that the registration will violate a provision of the Draft Bill or any rule, regulation or Order made under it, or any other prescribed person. Although it is more usual for the Attorney General or even the Financial Services Commission to take up causes of public interest or violations of law, these issues allow for a wider class of persons to have an interest in an opposition.

The Draft Bill does not prescribe the time within which a person must file a notice of opposition after publication of an application but it is expected that subsidiary legislation will provide an appropriate timeline. However, upon receipt of a notice of opposition, which must outline the grounds for opposition, the Registrar will be required to forward the notice of opposition to the applicant giving the applicant between 21 days to 60 days to submit a counter-statement. If the applicant fails to submit a counter-statement in the time required by the Registrar, the application shall be deemed to have been abandoned. If the Registrar receives a counter-statement then an oral hearing may be held or the determination made based on the notice of opposition and the counter-statement. Notwithstanding this provision, the natural justice requirements under the Draft Bill which are applicable to all decisions of the Registrar mandate an oral hearing if any party requests it. Therefore, this will make clear that opposition proceedings put a halt to the registration procedure and the opposition timeline is independent of the timeline for registration under the Draft Bill, which currently causes some confusion. However, a person who files a notice of opposition will be able to withdraw that notice of opposition at anytime before the Registrar makes a determination. The Registrar will have a discretion to award costs, but the Draft Bill provides two alternative means by which costs may be recoverable in proceedings before the Registrar, which either requires the High Court to order recovery by execution issued by the High Court or order recovery by execution issued by the Registrar, and in either case it would be as though the costs were payable by order of the High Court. Based on information provided during the consultation, a final decision as to which option will become law will be made.

(g) Cancellation and Variation Proceedings

Any interested third party would be able to apply to the Registrar for a trade mark to be cancelled or varied in respect of some or all of the goods or services for which it is registered on the ground that there has been a contravention of, or a failure to observe, any condition entered in the register in relation to its registration. However, the trade mark owner would be able to apply to the Registrar to cancel the trade mark registration by surrendering the certificate of registration.

(h) Revocation and Invalidity Proceedings

It is not currently possible for any revocation or invalidity proceedings after the opposition period has expired and the trade mark is registered. The Draft Bill proposes to correct this situation by allowing any aggrieved person to commence revocation or invalidity proceedings based on certain grounds before the Registrar or the High Court.

(i) Grounds for Refusal of Registration

The current restrictions entitling the Registrar to refuse an application for registration has been expanded more along the lines of the EC Trade Mark Directive which provides extensive grounds for refusal or invalidity.

(j) Renewal of Registrations

A trade mark would be registered initially for ten years and would then be renewable every ten years. This would bring the trade mark regime in line with general international practice since currently the renewal period is fourteen years unless the trade mark was re-registered from the United Kingdom.

(k) Registrable Transactions

The Draft Bill provides for several registrable transactions, such as assignments (with or without the goodwill), licenses, security interests, assents by personal representatives, and court orders. A major development will be the requirement to file particulars of the registrable transaction, as opposed to the actual agreements, where it is currently necessary to execute deeds of assignments by both the assignor and the assignee coupled with a notarized declaration by the assignee. The Draft Bill seeks to protect the bone fide purchaser for value without notice, otherwise known as “equity’s darling”, but also captures a person obtaining an interest in a trade mark by gift. Essentially, equity’s darling will not be affected by any registrable transaction that is not registered, and a licensee or sub-licensee cannot institute infringement proceedings unless they are registered. Although the Draft Bill does not prohibit the registration of a registrable transaction six months after the date of the transaction, unless an application for registration of the registrable transaction is made in that time frame or with the leave of the High Court, the owner or licensee of the trade mark would effectively forfeit their right to damages or an account of profits between the date of the registrable transaction and the date on which the registrable transaction was actually registered. Therefore, it still allows for a registrable transaction to be registered at any time but there will be consequences for late registration.

(l) Exclusive Licenses

An exclusive licensee, in addition to the trade mark owner, will be allowed to bring an action for infringement subject to the terms of the license agreement once the particulars of the exclusive license have been registered within six months after the date of the exclusive license, or if after six months with the leave of the High Court or if the subject-matter relates to action after it was registered or does not involve the recovery of damages or an account of profits. This will be a major change from the current law, since the licensee has no standing before the court under current law except against the trade mark owner for breach of contract and if the trade mark owner is reluctant to commence proceedings, then the exclusive licensee will have to commence proceedings against the trade mark owner as a precursor to commencing proceedings against a third party. Therefore, removing this difficulty would be a welcomed change.

(m) Comparative Advertising

It will become infringement to use a registered trade mark in advertising, including where a publisher, for example, knowingly or negligently applies a trade mark in an advertisement. The Draft Bill provides an exemption to the rules governing infringement in the area of comparative advertising as long as the comparative advertisements do not take unfair advantage of the registered trade mark, or is detrimental to the distinctive character or repute of the registered trade mark, or is such as to deceive the public.

(n) Geographical Indications

The Registrar is to maintain a list of geographical indications relating to wines and spirits originating in the territory of a WTO Member and protected by the laws of that WTO Member. Therefore, although it would not be possible for a trade mark to be registered in respect of wines or spirits that include reference to “Champagne” seeing that would be a geographical indication, under the Draft Bill it would be possible for geographical indications such as that once the wines and spirits originate in the WTO Member. There is a clear intention to allow for rules made under the Draft Bill to extend the category of goods from wines and spirits as the law relating to geographical indications develops and the final Bill may possibly make this clearer to avoid the definition of a geographical indication being limited to only wines and spirits.

(o) Well-Known Trade Marks

It would no longer be possible to register a well-known trade mark where the use of the well-known trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the well-known trade mark. A trade mark would be considered well-known if, among other things, it is owned by a person who is a national of, or is domiciled or ordinarily resident in, a Paris Convention country or WTO Member, or has a real and effective commercial or industrial establishment in a Paris Convention country, a WTO Member or the BVI, whether or not that person carries on business in the BVI or owns any goodwill in a business in the BVI. The Financial Services Commission may publish guidelines which the Registrar and the High Court must have regard in determining whether or not a trade mark is well known.

(p) Electronic Filings

It would be possible to file documents electronically in accordance with rules to be made under the Draft Bill. An electronic register of trade marks is also contemplated, either in addition to or in lieu of a physical register, which would also facilitate electronic searches.

Although there is no deadline for the completion of the consultation process which may be determined by the government's legislative agenda, THORNTON SMITH will continue to actively engage the Financial Services Commission during and after this consultative period to ensure the best possible outcome. A copy of the Draft Bill is available on our website at (http://www.thorntonsmith.com/cmsdocuments/Trade_Marks_Bill_2012.pdf). For further information or guidance on the Draft Bill please contact Mr. Jamal S. Smith at jamal.smith@thorntonsmith.com.