



International Distribution Institute

Illicit registration of the supplier/franchisor's trademark and/or domain name

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General

Supplier: Lilibeth Inc. (US)

brands: “Balmoral” (formal line) and “Archie” (casual and sport lines);

3 similar intermediary contracts with Polish, Argentinian and Russian official dealers;

Not a word about (1) sub-dealers and (2) brands registration;

both brands **registered** by Lilibeth Inc. as trademarks in California, US.

Poland - facts

Polish distributor concluded a contract with the owner of 5 multi-brand stores, where “Balmoral” clothing is to be sold;

Owner of the stores (third person) registered the “Balmoral” brand (word and word-figurative trademark);

Lilibeth Inc: (1) whether and from whom they can claim damages; (2) what kind of steps should be taken to recover the trademark rights; (3) any additional advice?

Poland – actions (1)

If the distributor applied for or registered the Lilibeth's trademark in Poland, Lilibeth might:

in case the trademark application was only filed:

- demand that the registration proceedings started by the distributor be discontinued;
- demand the trademark be registered to Lilibeth;

in case the trademark was registered:

- demand that the trademark be cancelled/invalidated;
- the trademark be transferred to Lilibeth;

Poland – actions (2)

In case the trademark was registered by the store owner:

(1) Attempt to resolve the issue in amicable way

- request the store owner to assign the trademark to Lilibeth;
- request the store owner to waive the rights to the trademark;

(2) Application for invalidation of the store owner's trademark based on bad faith

Poland – actions (3)

Other queries

- Prohibition of the use of the trademark by the store owner?
- Damages?

Recommendations for Lilibeth:

- filing the trademark in Poland or the EU;
- defining obligations in the distribution agreement (monitor the market and inform Lilibeth about any unauthorized use or attempts of registration)

Argentina - facts

- “Archie” trademark became famous thanks to efforts of the Argentinian distributor; the latter opened the store under www.archie.ar and registered the domain “archie.ar” on his own behalf;
- Lilibeth Inc. would like to prepare arguments for the discussion with their Argentinian partner;
- Lilibeth Inc. registered domain names on their own behalf in Columbia, Peru and Chile;
- the trademark “archie” is not registered in Argentina;

Argentina - assumptions

- Argentina is a party to the Paris Convention 1883;
- all references to other legislations in Latin America (Mercosur and the like) are irrelevant;
- Assumptions: a) Lilibeth discovered after two years that the domain name was registered but they have not registered trademark; b) distributor made the clothing he resells in Argentina famous/well known; c) “archie” trademark is not a notorious trademark for purposes of the Paris Convention;

Argentina - actions

- Lilibeth Inc. should immediately register the trademark; Argentinian law would give priority to such registration, but not over the domain already registered, even if Lilibeth claimed bad faith;
- no damages claim because the distributor may claim that they registered the domain name for the benefit of the brand, which they made famous;
- conditions of the settlement: transfer, discount of the price, extension of the distribution;

Russia - facts

Russian distributor registered brand “Balmoral” as a trademark and brand “Archie” - as Internet domain in Russia;

Russian distributor organized franchising network as a master franchisee;

franchising agreement grants the license for use of the registered “Balmoral” trademark to the franchisees and annual fees, which are collected by the Russian distributor;

Internet shop under www.archie.ru does not exist yet;

Russia - actions

Balmoral trademark

- Conditions for recognition of the trademark registration invalid
- Action for transfer of the trademark to Lilibeth
- Legal effect of the franchise agreement and legal remedies available to Lilibeth for damages recovery

Russia - actions

Archie trademark

- Registration of the trademark
- Action for transfer of the domain name to Lilibeth
- Purchase of the domain name from the distributor
- License agreement for sales online

Conclusions:

- trademark and domain related matters are time and cost consuming under each legislation;
- the results of the proceedings are uncertain – in particular in case of brands, which are not notorious;
- possible conditions of the settlement : transfer of the trademark/domain vs. (1) exclusivity; (2) extension of the territory (3) price discounts and/or change of the bonus conditions; (4) investments in distribution network;
- validity of such settlement (like: written form/notarial deed etc.) depends on local law requirements;



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Thank you very much for your attention!

Have a nice afternoon ;)