

Practical significance

This decision illustrates a few key points for patent prosecutors and litigators. For patent prosecutors, it stresses the importance of advising clients throughout patent prosecution of their ongoing duty of candour to disclose *any* information that may be deemed material to the examiner, and inquiring regularly on issues such as entity status and related litigation, deemed to be *per se* violations of the duty of candour. For litigators, this decision stresses the importance of due diligence in assessing potential claims of inequitable conduct *before* instituting patent case, particularly where the patents were prosecuted *pro se*. The determination that patents once asserted, but later dropped from a case, are subject to inequitable conduct determination certainly may dictate the selection of patents to be asserted, as well as the scope of due diligence to be conducted.

Krista Vink Venegas

McDermott, Will & Emery LLP, Chicago

Email: kvinkvenegas@mwe.com

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Trade marks

■ Court in Argentina holds that HARRODS trade marks cannot co-exist

Harrods Limited v Harrod's BA, Chamber I of the Federal Civil and Commercial Chamber of Appeals, Buenos Aires, October 2007

In October 2007, the Chamber I of the Federal Civil and Commercial Chamber of Appeals, Buenos Aires, dismissed the appeal of the plaintiff (Harrods Limited) and declare not undue the opposition filed by the defendant (Harrod's BA), thus concluding the latest episode in the dispute-laden relationship between these companies.

Legal context and facts

Harrods Limited owns the mark HARRODS worldwide, except in Argentina and the rest of South America. There, that mark is owned by Harrod's BA, which was created by Harrods Limited in 1914 first as a branch, then converted to a fully controlled subsidiary before Harrods Limited sold all its shares to local enterprises.

Problems started when Harrod's BA showed an interest in using the marks to raise money in the middle of the 1990s. Harrods Limited did not like this idea much and filed a legal action in the UK for a declaration that there existed a fiduciary relationship between the two companies and that, therefore, Harrod's BA should be prevented from affecting any transfer of the Argentine and South American marks to, or exploitation by, third parties.

The Court of Appeal decision in the UK was issued in May 1998 ([1998] EWCA Civ 874) and favoured Harrod's BA. In the court's view both companies were independent, even though an implied contract was found the object of which was to permit Harrod's BA to carry on business under the name Harrods in any country in South America where that company had filed and owned any marks.

Despite this implied contract, conflicts between the two companies continued, with legal actions filed by Harrods Limited in the USA to recover dozens of domain names registered by Harrod's BA (which had registered nearly 300 .com generic top-level domain names containing the term HARRODS. At first and second instances it was decided, among other things, that 54 of those domain names had been registered in bad faith (*Harrods Ltd v Sixty Internet Domain Names*), 110 F. Supp. 2d 420 (E.D. Va. 2000) (defendant's motion to dismiss), 157 F. Supp. 2d 658 (E.D. Va. 2001) (decision after trial), reversed in part and affirmed in part, 302 F.3d 214 (4th Cir. 2002)). There were also other conflicts between the marks in other South American countries, such as Colombia.

Analysis

In Argentina, Harrod's BA filed an opposition against Harrods Limited's application to register as a trade mark the words *Harrods* KNIGHTSBRIDGE in numerous classes of the opposition was based on its local registrations for HARRODS.

In my view, one of the most interesting issues decided was that of whether the English decision of 1998 had any effect on the outcome of the Argentine trial, following its ruling that no fiduciary relationship existed between the companies and that Harrod's BA was entitled to conduct its business in Argentina and South America using the sign HARRODS.

Harrod's BA maintained that the foreign judgment should have fully binding effect upon the parties. Had this argument been accepted by the tribunal, it would have meant that Harrods Limited would be unable to register any mark containing the term HARRODS (or any other confusingly similar word) in any country within South America.

However, the tribunal held otherwise, deciding that the foreign decision had no binding legal effect other than to

prove facts regarding incorporation and other issues affecting the formation and state of the two companies subject to English Law. Regarding the issue of local enforcement of foreign decisions, certain judicial procedures exist in order to enforce foreign judgments or awards, which were not used by the parties of this case—even though this possibility was mentioned by the tribunal. In particular, it was open to invoke the process called *exequatur*, provided for under Articles 517 to 519 *bis* of the Federal Code of Civil and Commercial Procedures. The enforcement of a foreign decision depends on that decision not being contradictory to the rules on international public order set forth in Article 14 of the Civil Code.

The tribunal then addressed the main issue: should the opposition filed by Harrods BA succeed? This issue was decided in the affirmative, the tribunal finding that the signs *Harrods* KNIGHTSBRIDGE and HARRODS were confusingly similar. This was so, notwithstanding the existence of some graphic differences between them (both marks claiming protection both for words and for graphics) due to the fact that HARRODS was well known both abroad and in Argentina.

The mere act of adding the term KNIGHTSBRIDGE, a word that has no meaning in Spanish and is represented in smaller characters, was insufficient to differentiate the mark applied for from those owned by Harrod's BA.

The tribunal also ruled that none of the parties had acted in bad faith given that Harrods Limited had rights to expand its business in Argentina, while Harrod's BA had never misappropriated its own mark because that mark had been used in Argentina according to the company's own articles of association (that company had been initially formed by Harrods Limited). The tribunal did not share the opinion of the judge of first instance who, accepting the arguments of Harrod's BA, considered that Harrods Limited had no legitimate interest in filing the marks in Argentina.

Finally, the tribunal tackled the issue of the worldwide reputation of the mark, noting that it had been acquired gradually worldwide as a result of the activities and business carried on by Harrods Limited. This activity was however concurrent with the acquisition of reputation by Harrod's SA in its own marks in Argentina through its own activities, particularly those carried out in 'the great store established in the city of Buenos Aires, in Florida Street, without any deception of consumers'.

Practical significance

This decision shows how many problems formerly related companies can face when they do not have the benefit of a comprehensive coexistence agreement that

has the flexibility to grow as their business interests expand.

Mariano Municoy

Moeller & Co., Buenos Aires

Email: mm@e-moeller.com

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■ Weighing the parody factor in a trade mark infringement and dilution case

Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC, No. 06-2267 (4th Cir. 13 November 2007)

On appeal, the Fourth Circuit affirmed the district court's decision that Haute Diggity Dog's (HDD) parody pet toys of famous brands was not likely to cause confusion with those of Louis Vuitton Malletier's (LVM) products. LVM's copyright, trade mark dilution, and other claims were also rejected.

Legal context

In 2002, LVM sued HDD, Victoria D.N. Dauernheim (principal owner of HDD) and a retailer of HDD's products in the district court, alleging trade mark, trade dress, copyright infringement, and other related statutory and common law violations. The court granted HDD's motion for summary judgment and denied LVM's motion for summary judgment, concluding that HDD's pet toys were successful parodies of LVM's trade marks, designs, and products. All of LVM's claims were dismissed.

The Fourth Circuit affirmed the district court's decision. However, with respect to the trade mark dilution claim, the same conclusion was reached but through a different analysis.

Facts

LVM, a French corporation, manufactures luxury leather goods and accessories. HDD, a Nevada Corporation, manufactures and sells pet products, these being plush toys for dogs to chew on. The name of these chew toys parody famous trade marks of luxury brands, eg Chewy Vuiton (LOUIS VUITTON), Chewnel No. 5 (Chanel No. 5), Furcedes (Mercedes), Jimmy Chew (Jimmy Choo), and Sniffany & Co. (Tiffany & Co.).

In this case, the product at issue was a chew toy labelled 'Chewy Vuiton' that sold for less than \$20. This chew toy mimicked one of LVM's handbags that retailed for \$1190. The 'Chewy Vuiton' dog toy 'loosely resembled' the shape,