

Question Q 168

Use of a Mark 'As a Mark' as a Legal Requirement in Respect of Acquisition, Maintenance and Infringement of Rights

National/Regional Group Report Guidelines

The majority of the National Groups follows the guidelines for the arrangement of their reports and thereby contributes to a quicker and cheaper printing. We are grateful for this support and would like to draw your attention to the guidelines once again:

1. The National and Regional Groups are responsible for the contents, spelling and trilingual summaries in their reports. The texts will normally be printed without further correction.
2. Drafts cannot be accepted.
3. Please deliver your reports in the form of computer printouts and, whenever possible, by e-mail or on computer diskettes (DOS or Windows). Our address is:
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4. If you cannot provide such data files, we will try to machine-read the report. For such purpose we will need the original text (no copies or fax transmissions), without corrections, underlines or footnotes.

Please make sure that your reports are sent before **November 30, 2001**.

AIPPI General Secretariat

I Introduction

AIPPI has selected this question for study in view of the work being undertaken by WIPO on the desirability and feasibility of harmonising national rules concerning the circumstances in which the use of a trade mark on the Internet constitutes use of a trade mark or trade mark infringement. This question also looks at acquisition and maintenance of trade mark rights.

The traditional function of a trade mark has been to identify the origin or source of the goods or services in respect of which it is used, thereby providing a guarantee to the public of a particular quality (- indicating 'origin'). This function is, for example, expressly recognised in the preamble to the Trade Marks Directive (89/104/EEC). A further function is that a trade mark may indicate that goods or services are from the same source as others already known to the consumer (- indicating 'identity'). This function is particularly used where consumers neither know nor care what the actual source is. For the purpose of this question, use for the purpose of indicating origin or identity is taken to be used 'as a mark'.

Trade marks may be seen to have a further function of allowing the proprietor to generate goodwill in other areas of business by the associations a mark creates in the minds of the public. Recognition of the further functions of trade marks may be illustrated by the concept of 'association' and the US theory of 'dilution'. The shift in the function of trade marks towards a more complex function which includes the power to build goodwill has undoubtedly been influenced by changes in the global economy and, most recently, by the emergence of the Internet as a medium of both communication and commerce.

Traders wish to prevent third parties from making false claims of association or diluting goodwill. They wish to protect their investments in marketing and promotion activities and the possibility of brand extension.

With the expansion of international goods and services markets, the increasing significance of on-line trading and e-commerce and the intensive investment now being made in branding and advertising, trade marks are often put to what may be described as "unconventional" uses. Such uses may include:

- use as domain names or as meta-tags to promote a website on the Internet;
- use by fan clubs (at websites and in magazines and other publications);
- use in parodies; and
- use in comparative advertising.

Such unconventional uses may not involve use "as a mark". They thus raise questions whether traditional requirements relating to use "as a mark" are the only relevant uses of a mark for acquiring a mark, establishing infringement and maintaining validity.

Signs can be used in the course of trade for purely descriptive, as opposed to indication of origin, purposes. Examples include the use of celebrity names, registered as marks, as the title for a book (e.g. "Fa fa fa fa fa fa fa fa fa fa: the story of the Talking Heads") or at a fan website as an indication of the actual character and content of the book or website. If unconventional mark use is sufficient to establish infringement (and no defences are available), then such purely descriptive uses will be actionable by the proprietor, despite the fact that no false claim origin or identity is being made by the alleged infringer.

One particular difficulty presented by the Internet is that use of a sign on a website, or even as part of a domain name (e.g. www.abc.com), URL (i.e. the address that defines the route to a file on the Web; it includes a domain name) or metatag (i.e. a tag which identifies the contents of a Web page, which contains e.g. a general description of the page and key words for search engines (which may include trade marks)) could automatically lead to infringement of identical or similar signs existing in any country in the world where users have access to the website. In order not to frustrate international business, there is a need to strike a balance between the interests of domestic trade mark proprietors and those doing business on the Internet. Trade marks may also be used as a result of linking (i.e. displaying a URL or domain name which allows the visitor to a website to move directly to another site by clicking on it) and framing (i.e. the use of the material displayed at another website within the website being viewed, without identification of the other site).

A sign may also be used for the purposes of deliberate identification of the goods or services of another, rather than those of the user of the sign. Examples are use of registered trade marks in comparative advertising and product parodies. A parody uses a mark which calls to mind a known mark to make fun of or insult it. Use of registered marks in comparative advertising is not countenanced by the EC Community Trade Mark Regulation, nor is it clearly sanctioned by the EC Trade Mark Directive. The US approach to comparative advertising is liberal. Continental jurisdictions have, by contrast, traditionally taken a severe approach to comparative advertising. Disparities in treatment of across the European countries resulted in the Directive on Comparative Advertising (97/55/EC). This permits comparative advertising in certain limited circumstances.

A further question arises. If such unconventional uses do not constitute infringement or a basis of challenge to registration, are they nonetheless objectionable as unfair competition, anti-dilution, passing-off or some other form of unlawful conduct under national regimes.

II AIPPI Resolutions

AIPPI has considered the function and purpose of trade marks in a number of previous questions. In Q 68 (Economic significance, functions and purpose of the trade mark, Yearbook 1979/I, 463-465) AIPPI was of the opinion that the "normative functions" of a trade mark were "the function of indicating origin and the function of identification". In Q 70 (Impact of use on the maintenance and renewal of a trade

mark registration) AIPPI noted its belief that the function of a trade mark was "...distinguishing the products or services of a business...".

In Q 92 A (Harmonization of Trade Mark Law, Yearbook 1988/II, 214-219) AIPPI observed that "the majority of national laws do not define the nature and amount of use necessary to maintain the rights relating to a registered trade mark...nevertheless, the opinion prevails that the required use of the mark must be made in relation to goods or services."

In Q 95 (Non confusing use of another's trade mark, Yearbook 1989/II, 318-322) AIPPI considered that commercial use of a trade mark by a non-competitor (e.g. "the Rolls Royce of bicycles" or "the Rolls Royce of cheese") might "take a unfair advantage of or be detrimental to the distinctive character or the repute of the trade mark."

In its resolution on Question 143 (Internet Domain Names, Trade Marks and Trade Names), AIPPI recognised that where domain names incorporate elements that indicate to the public a particular source of goods or services, then the domain name may be functioning "as a trade mark". As such, use of a domain name on a website used for offering goods and/or services for sale may be sufficient to constitute trade mark infringement, unfair competition or dilution of a mark. Importantly, AIPPI noted that where use of a domain name conflicts with a well-known or famous mark, "any use" may be considered actionable.

In Question 164 (Use of trade marks on the Internet) AIPPI reviewed and considered the provisions drafted by WIPO (Doc. SCT 6/2) on the use of distinctive signs on the Internet. AIPPI resolved that the WIPO draft provisions, particularly the concept of "commercial effect", represent a pragmatic response to the problems presented by use of trade marks on the Internet. It was further resolved that the "commercial effect" test should be applied not only to questions of infringement, but also acquisition and maintenance of rights and in respect of acts allegedly constituting unfair competition or similar torts.

Workshop No. II at the Melbourne Congress (March 2001) considered Use of Trade Marks and their signs on the Internet. A full report of the workshop will be published at the AIPPI website.

III Use "as a mark"

Issues regarding use of a trade mark can arise at various stages in the life of a registered mark. This question considers use required to maintain a registered mark and to establish infringement.

Where use (or intention to use) is a prerequisite to registrability, what is intended is use in relation to the good or services specified in the relevant application, rather than for some other purpose.

TRIPS does not consider the question of use of a trade mark "as a mark". Article 15 of TRIPS, relating to registrability, expressly recognises that Members may make registrability of a trade mark dependent upon use. However, actual use of the mark is not to be required as a condition for filing an application.

Under Article 19 of TRIPS a registered trade mark may be vulnerable to revocation or declaration of invalidity after “at least three years of non-use”. The EC Trade Mark Regulation (40/94/EEC) does not specify any restriction on the type of use which can be taken into account in determining a non-use claim.

Generally to infringe a registered mark, the alleged infringer must, in the course of trade, use a similar or identical mark in relation to similar or identical goods or services. Article 16 of TRIPS defines the right conferred upon the registered proprietor of a trade mark as the exclusive right to prevent all third parties (not having the owner’s consent) from “using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the mark is registered, where such use would result in a likelihood of confusion”.

The EC Trade Marks Directive appears to distinguish between use “for the purpose of distinguishing goods or services” and other uses (Article 5(5)). In *BMW v Deenik* (C-63/97, [1999] 1 CMLR 1099) the ECJ differentiated between use “as a trademark as such” and other uses (paragraph 38). The Directive does not require use “as a mark” in order to establish infringement. Nevertheless, some national courts do continue to confine infringement to “indication of origin” uses by the alleged infringer. In some jurisdictions it may not be an express requirement that the use be “trade mark use” in the traditional sense in order to establish infringement.

In *Sabel v Puma* (C-251/95, [1997] ECR I-6191), the ECJ found that a likelihood of confusion “as to origin” is a requirement in the case of infringement under the EC Trade Marks Directive. Confusion as to origin can probably only arise in circumstances where an allegedly infringing mark is being used “as a mark”.

Some trade mark regimes recognise that infringement can occur where a registered mark with an established reputation is used in relation to dissimilar goods and services in a way which takes unfair advantage of, or is detrimental to, the distinctive character or reputation of the mark. Others recognise trade mark dilution.

IV Questions

Groups are invited to answer the following questions under their national laws.

1. Is there any requirement for use of a mark “as a mark” for the purposes of:
 - 1.1 acquiring a mark (if rights may be acquired by use according to national law);
 - 1.2 maintaining of a trade mark registration (e.g. against an application for cancellation on grounds of non-use); or
 - 1.3 establishing infringement.
2. Is there any definition of what is use “as a mark” either in statute or case law?
3. Is there any difference in the assessment of use “as a mark” between the acquisition, maintenance and infringement of rights?
4. Is any of the following considered to be use “as a mark”:
 - 4.1 use on the internet, as a metatag, in linking or framing;
 - 4.2 use by fan clubs or supporters;
 - 4.3 parody; and

4.4 comparative advertising.

If necessary, please differentiate between acquisition, maintenance and infringement of marks.

5. If, under the Group's national regime, use as a mark is confined to the traditional indications of origin or identity, are unconventional uses nevertheless objectionable under trade mark or other laws (e.g. unfair competition or trade practice laws).

6. If use "as a mark" in the traditional sense is required to establish infringement, are "well-known", "famous", "notorious" or "reputed" marks used on dissimilar goods and services protected?

As well as stating the laws of their respective countries, the Groups are also invited, in respect of each of the questions above, to:

- make any proposals for harmonisation; and
- offer any observations of interest on the topic above.

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their reports and cite the questions and numbers for each answer.