

Summary Report

Question Q 155

Conflicts between trademarks and company and business names

The AIPPI has recognised in the past (see AIPPI Resolution on Q 41, Madrid 1970) that trade names are objects of an exclusive right entitled to protection. This right is acquired by use, by registration or by the fact that the trade name becomes sufficiently known.

By trade name, the AIPPI understands a sign which distinguishes any enterprise engaged in the manufacture or sale of products, or in providing services and may include surnames, fanciful denominations, designations of business activities, a characteristic component, an abbreviation of the trade name, a symbol or any other identifying sign of the enterprise. This also means that the distinctiveness of a trade name is based on the nature of its designation or its use.

Trade names are protected against any use or any registration by another party of the name or of a similar sign which is likely to give rise to a risk of confusion or which is likely to mislead the public.

This kind of protection is very similar to the one afforded to trade marks, and in practice conflicts often arise between trade marks and trade names as both are exclusive rights.

Two very typical cases of trade names are company names (names of legal persons like companies, corporations, etc.) and business names (names adopted by entrepreneurs but that do not correspond to the name of a legal entity).

The fact that company and business names and trade marks are used as business identifiers and are afforded exclusive rights gives rise to conflicts that can be divided into two categories:

1. The adoption of a company or business name that may be identical or confusingly similar to an earlier trade mark.
2. The registration and/or use of a trade mark that may be identical to or confusingly similar to an earlier company or business name.

However, unlike trade marks, company and business name law has not been the subject of harmonisation at international level.

On the other hand, trade mark law is based on the principle of specialisation that permits the registration of the same or a similar trade mark when the goods or services are not identical or confusingly similar - except in the case of trade marks enjoying a reputation whose effects extend beyond the same or similar goods or services. However, in the adoption of a company or business name the activities are not usually taken into account when this adoption is subjected to an authorisation or approval.

Finally, contrary to what happens under trade mark law, whose effects are restricted to the territory of the country or group of countries for which the protection is afforded by the corresponding law, company and business names can obtain protection internationally under the scope of article 8 of the Paris Convention.

The above reasons have led the AIPPI to address the question of conflicts between company and business names and trade marks.

The Reporter General has received 33 Group Reports from the following countries (in alphabetical order): Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, Czech Republic, Denmark, Egypt, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Japan, Korea, Mexico, Netherlands, Norway, Paraguay, Poland, Portugal, Romania, Singapore, Spain, Sweden, Switzerland, Thailand, United States of America and Venezuela.

The Group Reports show that, contrary to what happens in trade mark protection, there is a great disparity in the mechanisms of adoption and protection of company and business names in different countries of the world.

The questions of the Working Guidelines that were put to national and regional groups were divided into two parts. The aim of the first part was to explain the issue of how company and business names are being dealt with under national law and how the conflicts between these names and trade marks are being treated. The answers in the Group Reports to this part constitutes a very interesting and useful study of comparative law in this area.

The aim of the second part was to request opinions and suggestions from the groups regarding the international adoption of general rules and addressed the desire to achieve a certain degree of harmonisation in this area. The answers in the Group Reports to this part demonstrate that it would be difficult to introduce full harmonisation, taking into account the fact that company and business names are being governed by different sets of rules that include, inter alia, company law, commercial law, civil law, unfair competition law, trademark law, etc.

1. National situation

a) Protection of company names and business names

i) Company names

All countries have legislation that contemplates and regulates the adoption of company names as defined in paragraph D of part I of the Working Guidelines i.e. names of legal persons (companies, corporations, etc.).

However, while some countries recognize an automatic protection of company names through their incorporation, others differentiate between the incorporation and the use of the company name in commercial transactions.

The British Report indicates very clearly that the "registration of a company name does not of itself give rise to any right to use a name or to exclude others from doing so. For company names that are in use, protective rights may arise at Common Law, under the tort of

passing off. Company names can also be protected as registered trade marks under the Trade Marks Act 1994, assuming they meet the criteria for registration".

The Spanish Report also indicates that some decisions originating from the Spanish Register of Companies have declared that the company name does not have the function of distinguishing the business activity in the market of a company, but rather of identifying the subject responsible for the corresponding legal relations.

The Finnish Report recalls that the Joint Recommendation concerning provisions on the Protection of well-known trade marks adopted at the 34th series of meetings of the Assemblies of the Member States of the WIPO (September 20th to 29th, 1999), uses in article 5, the term "business identifiers" and suggests that it would be advantageous to standardise the terminology.

ii) Business names

All the Group Reports contain the reply that, in their jurisdictions, business names exist even though the terminology used varies from country to country.

For example, Finland uses the wording "trade names" for company names and distinguishes between two modalities of business names i.e. auxiliary trade names and secondary trade names. The Netherlands uses the expression "trade name" to designate both company and business names.

There are other countries, like Spain and Venezuela, which have a special category of business names called "trade names" that are registered before the Trademark Office, following a very similar procedure to the one followed to register trade marks. These registrations can either be obtained for legal entities (companies, etc.) or by natural persons to protect their adopted company or business names to distinguish their activities.

Some Group Reports refer to the protection of foreign trade names under article 8 of the Paris Convention. For example, the Finnish Report indicates that for a trade name to be protected in this country under art. 8 it is necessary for the foreign trade name to be known to a certain extent in Finland. The Greek Report indicates that the trade name needs to be used in Greece or, there must be serious intentions to use it. The Dutch Report indicates that it is sufficient that the trade name is known in the Netherlands to be protected under article 8.

b) National proceedings necessary to obtain the right to use company names and business names

All the Group Reports indicate that there are Registers of Company Names for the record of incorporated companies.

However, there is great disparity between the systems. Some countries like Australia, Czech Republic, Finland, France, the United Kingdom, Ireland, Norway, Paraguay and Romania have a national Register for company names. Other countries, like Brazil, Bulgaria, Egypt, Germany, Greece, Hungary, the Netherlands, Italy, Japan, Poland, Spain and the United States have local or regional registers where company names must be recorded. In some countries, like the Netherlands, registration is not compulsory, while in

others, like in Italy and Spain, in addition to a number of Regional Registers, there is a central Register, incorporating all the country's companies.

As far as business names are concerned, there are countries where there is no Register, like Brazil, France, Germany, Hungary, Norway, Mexico and Japan, while others like Australia, Greece and Bulgaria have state registers. In some cases, like in the Netherlands, business names can be recorded at the same Register as company names on a voluntary basis. Other countries, like Bulgaria, do not differentiate between company names and business names.

All the countries, except for the Netherlands, accept the adoption of a company name on the condition that there is not an earlier company incorporated with the same or similar name. In countries where they have local Registers, this requirement is only checked with regards to earlier companies which are incorporated in the same Register (town, state, etc.) while in other cases the checking involves all the companies in the country.

The right to use the same or similar company name is in some cases linked to the fact that the company is devoted to the same field of activity, while in other cases it is independent of the activity.

c) Possibility of invalidating and forbidding use of a trade mark on the grounds of earlier company and/or business names

All the Group Reports explain that it is possible to invalidate and/or forbid the use of a trade mark on the grounds of an earlier company and/or business name. However, some reports indicate that this can be done on the grounds of company names only if these company names are used in trade (Argentina, Australia, France, United Kingdom, United States, the Netherlands).

In the German Report it is stated that the condition for a company or business name to become an obstacle for the use or registration of a trade mark, depends on the distinctive character and on the territorial scope of protection of the company or business name.

The United States Report indicates that in that country, along with Federal trade mark registrations, there are state trade mark registrations. Accordingly, a company or business name that is protected in a specific state can coexist with an identical or confusingly similar trade mark protected in a different state.

In the Netherlands, in order to be able to act against a trade mark on the grounds of an earlier company or business name, it has to be demonstrated that the trade mark applicant is aware of (or has no excuse not to know about) the existence of the earlier company or business name. The term to invoke the nullification of a trade mark is five years from the filing date of the trade mark application.

The Italian Report brings to mind the fact that the possibility of filing an action against a trade mark on the grounds of an earlier business or company name derives from the 1st European Trade Mark Harmonisation Directive.

d) Possibilities of objecting to use a company or business name on the grounds of an earlier trade mark

In all the jurisdictions covered it is possible to object to use a company or trade name on the grounds of an earlier trade mark, provided that there is a risk of confusion due to the similarity of the signs and of the fields of activity.

However, when company names need to be recorded in a special Register of companies, it is not possible to object to adoption of a specific company name on the grounds of earlier trade mark rights. The exception is Finland where an earlier trade mark registration is, ex officio, considered as an obstacle for the registration of a trade name by the Register of Companies.

According to all the Group Reports, it is not possible to object to use a company or trade name on the grounds of an earlier trade mark application. To do so the earlier trade mark has to be registered. The German report points out that this possibility derives from the 1st European Trade Mark Harmonisation Directive and from article 16.1 of TRIPS.

The British Report indicates that there is, nevertheless, a statutory defence allowing, in essence, the bona fide use of a company's own name, and that of a natural person/trader, although the exact extent of this provision is unclear.

Some countries establish deadlines to file the complaint. In Norway, for example, the complaint against the registration at the Department of Trade of a company name on the grounds of an earlier trade mark must be filed three weeks from the date the plaintiff was informed of the registration, or from the date when the plaintiff should have been aware of the registration, at the latest three months after registration.

The Spanish Report states that the use of a company or business name as an enterprise sign and not as a sign to legally identify the company can be prevented.

In the United States it has been consistently held that the good faith of the company or business name owner, per se, does not constitute a defence against infringement of the earlier trade mark.

e) Impact of trade marks or company or business names which are so well-known that they have a strong reputation across the market

Practically all the Group Reports indicate that when the trade mark or company or business name is so well-known that it has a significant reputation, the scope of protection of rights when faced by the use by third parties of an identical or confusingly similar name increases. In many cases, like in the countries belonging to the European Union, the reputation of the rights permits the expansion of the protection even to non-similar goods or services and activities, where the use of the same sign without due cause takes unfair advantage of, or is detrimental to the distinctive character or the repute of the sign, following the principles set up in the 1st European Trade Marks Harmonisation Directive.

The same is true in other non-European countries like in Australia, Brazil, Hungary, Japan and the United States.

f) Special rules when the company, business name or trade mark corresponds to a family name

All the Group reports indicate that family names can be incorporated as a part of the company/business name or trade mark.

However, some countries, like the United Kingdom, indicate that the possibility of registering a family name as a trade mark is entirely dependent upon its distinctiveness as a mark and that, generally, common surnames lack sufficient distinctiveness to be registrable, in the absence of evidence of use.

In Venezuela, a person is authorised to use their family name as a company name, if additional elements to differentiate it from earlier rights (company/business names or those marks) are added. Similar approaches are found in other Group Reports like in Thailand, where it is stated that a person can use his or her own name, surname or place of business or that of any predecessor in business, in good faith, even if there is an identical earlier registered trade mark. In other words, the Trade Mark Law in Thailand provides the possibility for the owner of a business name or the registrant to show honest concurrent use in order to have his or her right to use a business or company name alongside prior identical or similar registered trade marks.

The Report from Paraguay indicates that the civil code makes it possible for individuals with similar or identical names to add or suppress denominations to the trade name, in order to give distinctiveness to the proposed name. In Norway, one may always use one's name as a company name or business name in accordance with good business practices, regardless of other trade mark rights.

g) Link or relationship between the Trade Mark Office and the Register of company or business names

Most of the Group Reports indicate that there is no link or connection between the Trade Mark Office and the Register of Companies, so that when a Trade Mark Office makes an ex officio examination on earlier rights before accepting a new trade mark application, it does not take into account the existence of confusingly similar company names or trade names and vice versa.

Finland is the exception to this general situation. In that country, there is a Register, which incorporates all data concerning trade marks, trade names and auxiliary trade names (but not secondary trade names). This Register is kept by the national Board of Patents and Registrations and is consulted, ex officio, before registering a new trade mark and vice versa, before registering any new trade name or auxiliary trade name.

h) Authority responsible for dealing with conflicts between trademark and company and business names

i) In those countries where a new company or business name needs to be authorised, there is a Register of Companies and/or business names where the new names are being recorded, and the authority responsible for dealing with the conflicts is the Register itself at the time of registration, when this is available, and the Courts after registration.

- ii) **The availability of opposition proceedings**
In general there is no possibility of opposition proceedings against the registration of company/business names. The remedy that is available is to start infringement proceedings before the Courts, to stop the use of the company/business names and, in some cases the cancellation of the company/business name.
- iii) **Legal proceedings**
Legal proceedings, owing to conflicts between trade marks and company and business names, are being dealt with in all the countries through ordinary infringement proceedings.

i) Protection for business names in a certain part of a country

Some Group Reports indicate that there may be protection for a certain part of the country. These countries are Australia, Brazil, Egypt, Finland, France, Germany, United Kingdom, Hungary, Italy, Japan, the Netherlands, Spain, Sweden and United States.

1. Adoption of general rules

a) Possibility of preventing the adoption or use of identical or confusingly similar company or business names on grounds of earlier trade mark rights

There is a general consensus from all the Groups that an earlier trade mark right should be used to object to use an identical or confusingly similar company or business name. This is provided that there is an identity or similarity between the goods/services of the earlier trade mark with the activities undertaken under the company or business name. Furthermore, other criteria such as dilution or risk of association, as well as the reputation or notoriety of the earlier trade mark should be taken into account.

Where there is not such a consensus, however, is with regards to the right of the earlier trade mark owner to prevent the adoption of a similar company or business name.

The Spanish Group indicates that a company name has two different functions. On the one hand, a function of personal identification of a legal person (the company), "stricto-sensu". This function, according to the Spanish Report, is a personal right and it should not be prohibited on the grounds of an earlier trade mark right. However, it is when the company name is used in economic transactions as a distinctive sign that the infringement arises, and it is then that the trade mark owner should be able to object to such a use.

The French Group is of a similar opinion, since they are not in favour of the provision that an earlier trade mark could be used to prevent the adoption, "ab initio", of a company or business name that may be conflicting with the earlier trade mark. The reasoning behind this proposal is grounded on the fact that it is imperative to speed up, as far as possible, the process of the incorporation of a company and it is advisable not to delay its recordal at the Register of companies due to a preliminary examination in connection with the existence of earlier rights. The French Group also says that article 8 of the Paris Convention does not require any previous recordal of a trade name.

The Australian Report agrees with the French approach avoiding undue delays in the company and business name registration process.

The British Group reports that there is an additional difficulty in preventing the adoption of a company name due to the fact that, the objects of companies are commonly drawn sufficiently wide to encompass all forms of trade and commerce and that, it is only when a specific company starts to use the company name in a specific field of activity that the real conflicts arise. In addition, it is also indicated that it is common practice for company registration agents to register companies for sale, which are entirely dormant until purchased by an intended user. Until then, nobody knows what its activities will be.

The Japanese Group indicates that an earlier trade mark right should be at least well-known in order for it to be used against a company or business name.

The Working Group should concentrate on trying to find a consensus on this issue and establish whether earlier trade mark rights can be used to prevent the adoption and/or the use of identical or confusingly similar company or business names.

b) Possibility of preventing the use and/or registration of an identical or confusingly similar trade mark on the grounds of an earlier company or business name

All the Group Reports are in favour of supporting the principle that earlier company or business names should be used to prevent the use and/or registration of an identical or confusingly similar trade mark, taking into account the identity or similarity of the activities undertaken under the earlier company or business name with the goods and services of the trade mark. Furthermore all agree that criteria such as dilution or a risk of association, as well as the reputation or notoriety of the company or business name, should be taken into account.

However, the British and the Spanish Groups agree that, only the use, rather than the mere existence, of an earlier company or business name, should form the basis for preventing the use and registration of a trade mark. According to the Spanish Group, a company name that is not used in economic transactions, but only used as an element of the legal identification of the company, should not give rise to an exclusive right to be used when facing third parties. It further indicates that, if the company or business name is used as a trade mark, then the conditions established under article 6bis of the Paris Convention should be fulfilled, which means that it should be required for the unregistered trade mark to be well-known in order for it to be protected, while if it is used as a trade name, this status of notoriety is not necessary, following the principles of article 8 of the Paris Convention.

The Australian and Japanese Groups agree that only company and business names that are well-known or famous could be used against a younger trade mark.

According to the French Group, even if it is possible to challenge the validity and use of a Community Trade Mark on the grounds of an earlier company or business name (article 8, paragraph 4 of the Community Trade Mark Regulation), they are not in support of an earlier company or business name being used to prevent the registration of a younger trade

mark, because this would delay and complicate the recordal proceedings of national trade marks that they would like to be acquired through a fast procedure.

They support the idea that, during the prosecution of a national trade mark, any third party could argue the existence of earlier rights grounded on an earlier company or business name by filing a brief of observations, without having any impact in the resolution of the trade mark, but that would have informative purposes for its applicant. However, the French Group supports that upon registration there should be means of starting legal proceedings against the registration of such a trade mark that could lead to its invalidation alongside means of obtaining a cease and desist order on the use of the trade mark.

The Dutch Group mentions that the adoption of a system to object the use and registration of a trade mark on the grounds of an earlier company or business name gives rise to various complications: one of them would be to establish the date from which the right originating from a company or business name arises, and the other would be the need to harmonise trade name law on a multinational or even European level, the same as has occurred with trade mark law. Finally, they refer to the problems originating from local exclusive rights, indicating that it would be unfair and it would also lead to undesirable situations, if the proprietors of these local trade names were allowed to challenge younger trade marks, valid in a much larger territory.

The working group should try to find out whether a consensus can be reached with regards to the proposals of the Groups, that are basically divided into two:

- (i) Those who support the idea that company / business names give rise, from their adoption to a right to object to registration of younger trade marks.
- (ii) Those who adopt the position that this right only exists from the date when actual use of the company or business name starts, and the right only concerns the activities performed.

c) Establishment of a national Register with all company and business names recorded

The opinion of the Groups is divided with regards to the creation of a National Register or Database with all company and business names recorded. Seven groups are not in favour of this solution, namely Argentina, Germany, Japan, the Netherlands, Sweden, the United States of America and Venezuela.

Fourteen groups are in favour, namely Australia, Brazil, the Czech Republic, Egypt, Finland, France, Greece, Italy, Mexico, Paraguay, Poland, Romania, Spain and Thailand.

Finally, two groups are in favour of having a central Register of company names but not of business names, namely the groups of Great Britain and Norway.

The main argument of those in favour of adopting a national Register with all company and business names recorded is legal certainty. The French Group indicates that very clearly and proposes a revision of article 8 of the Paris Convention, establishing that only upon recordal of a trade name in a national Register, could it be raised when facing third parties.

Those Groups against the creation of such a Register argue that the rights of a company name or business name should start from the date of use of this name in economic transactions, and the British Group report indicates that it is not always clear what is and what is not a business name.

The Finnish Group is in favour of a national Register incorporating company names, as well as what they call auxiliary trade names, but not the so called secondary trade names which should gain protection through use only.

The German Group Report states that the existence of such a Register is not necessary owing to the fact that modern technologies nowadays permit the investigation, in a short period of time, of the situation of the company names registered in Germany, as well as unrecorded business names.

However, some of the Groups that are not in favour of a national Register would be in favour of the creation of a kind of data base, incorporating the data of all independent registers existing in the country. For example, the US Group indicates that the adoption of a Federal or unified system of registration may trigger constitutional issues, but proposes that a Federal Register could be created which would simply mirror the Registers of the States, without conveying a new Federal right, but merely existing for clearance purposes. The Japanese Group is of a similar opinion, and states that it is necessary at least to build a data base covering all nation-wide companies and business names from the viewpoint of information disclosure.

d) Authorisation of the Register of company/business names before adopting a new company or business name

With regards to the question of whether authorisation should be given by the Register of Companies and/or business names before the adoption of such a name, it is obvious that those who are against the existence of such a Register are also against the establishment of such a condition.

But the answer to this question also depends on the nature of the name.

Twelve Groups are in favour of establishing this requirement, namely Brazil, the Czech Republic, Egypt, Greece, Mexico, Paraguay, Poland, Romania, Spain, Thailand, the United States and Venezuela.

Six Groups are against, namely Argentina, France, Germany, Italy, the Netherlands and Norway. Three Groups are in favour of establishing this condition only for company names but not for business names, namely Australia, Finland and Japan.

The Swedish Group indicates that in their opinion the examinations should be limited to formal and absolute grounds, that means to identical earlier company or business names and to identical earlier trade marks. On the other hand, the British Group is in favour of requiring authorisation for new company names after the examination of identical pre-existing company names, without taking into account the activities of the earlier company.

Again, the reasons given by those who are in favour of establishing a previous authorisation for new company/business names are directed to legal certainty and to the need to avoid long and expensive proceedings by the owners of earlier rights to stop the use and to obtain the changing of the company or business name which is infringing their rights.

On the other hand, those who are against the establishment of such an authorisation argue that the proceedings to incorporate a company should be speeded up and the establishment of an obligation of recordal and an authorisation after examination would lead to delays in these proceedings. Furthermore, it is also argued that the infringement occurs when the company or business name is being used in commerce and not by the incorporation or adoption of a specific name.

Those who are in favour of the adoption of an authorisation are also in favour of the dependence of the authorisation on the existence of identical or confusingly similar company/business names or trade marks and that the activities of the company should be taken into account in order to evaluate the similarities.

Those who are in favour of the previous authorisation and examination support the idea that the Register that incorporates company and/or business names and the Trademark Office would be linked one to the other. The Mexican Group goes a step further, proposing that domain names should be included in the examination process.

The Working Committee should discuss this matter further and see whether it is possible to find a compromise between these two positions.

e) Rules and proceedings to solve conflicts between earlier trade marks confusingly similar to newly adopted company/business names

All the Group Reports, except Thailand's, are in favour of applying the same rules to conflicts between company or business names and trade marks as those applying to conflicts between trade marks. However, some Group Reports, as far as proceedings are concerned, specify that the body that should apply these rules should be the Courts. The Group Reports of Germany, Spain and the United States are in favour of this position. The Mexican Group also proposes a revision of article 8 of the Paris Convention.

f) Parallel conflicts between company and business names and trade marks and Internet domain names.

Practically all the Groups see a parallel with conflicts between trade marks and Internet domain names. The only Group that does not share this opinion is the German Group, indicating that these conflicts have different factors from the conflicts between trade marks and company and business names owing to the world-wide Internet system and should be evaluated according to different rules.

On the other hand, all the other Groups see a parallel and, for example, the British Group sees the parallel to the extent that company names, as well as domain names, are not limited to specific goods/services. It further indicates that the unification of the problems results from considering trade marks as being the only effective way of protecting a name, while at the same time prohibiting identical names from being used for two companies or for two domain names.

The French Report refers to the fact that company or business names can be registered and used as enterprises and that also conversely domain names can become the company or business name of an enterprise. It further indicates that the unification of this kind of conflict can only operate on the condition that a domain name cannot be considered to constitute a sui generis right and, accordingly, not only require that the name is properly recorded at the appropriate domain name Register, but effectively used in commerce in the corresponding national jurisdiction.

The Japanese Group makes a specific proposal to unify the solution of the problem consisting of:

- i) at the time of registration a mechanism should be established through which a new company or business name as well as a new Internet domain name would be examined in connection with earlier company names, business names, trade mark registrations, and well-known or famous trade marks. Any problems should be solved through means of letters of consent from the owners of the earlier right.

New Internet domain names would also be examined in connection with earlier registered well-known or famous trade marks, company names, business names and domain names, also to be solved through letters of consent.

- ii) Invalidation or cancellation after registration.
A mechanism should be provided for invalidating or cancelling the registration of a trade mark, company name, business name or domain name with an earlier right after registration.
- iii) Prohibition of conflicting use.
An arbitration and mediation system such as the UDRP (Uniform Domain Name Dispute Resolution Policy) should be established.

The Committee should study the proposals made by the groups in order to take a clear stance on whether the AIPPI should recommend any unification of the way of solving these conflicts.

Most Groups agree in that solutions founded to solve problems for conflicts between company and business names and trade marks could be used to solve problems between domain names and trade marks, company names and business names and vice versa.