

Resolution



Question Q192

Acquiescence (tolerance) to infringement of Intellectual Property Rights

Yearbook 2006/III, page 455 – 457
Congress Gothenburg, October 8 – 12, 2006

Q192

AIPPI

Observing:

- a) that many countries recognise acquiescence as having an effect on certain intellectual property rights, especially trade marks and other distinctive signs; however, further observing that there is a significant group of countries in which acquiescence does not have any legal effect at all.
- b) that among the countries which recognise legal effects of acquiescence there is diversity on which intellectual property rights acquiescence should apply.
- c) that, however, to the extent that legal effects of acquiescence are acknowledged, there is a wide consensus that the activity which is susceptible of constituting an infringement of an intellectual property right must be committed in good faith by the person benefiting from acquiescence, for a certain period of time and with the knowledge of the prior right-holder.
- d) that there is a general lack of rules on how the prior right-holder can prevent acquiescence in order to avoid legal effects.
- e) that legal effects of acquiescence are in some countries limited to defences against infringement actions, while in other countries – at least for trade marks – they create substantive rights.

Noting:

- f) that – to the extent that legal effects of acquiescence are to be understood as exceptions to the rights conferred by a trademark – Article 17 of the TRIPS Agreement provides that members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.
- g) that the EU Directive 1989/104 of 21 December 1988 provides in Article 9 that where, in a Member State, the proprietor of an earlier registered trade mark has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.
- h) that the term “bad faith” should be defined in a way not contradicting the considerations and definitions given in AIPPI Resolution Q 169.

Considering:

- i) that there is no basis for imposing legal effects of acquiescence on countries which do not acknowledge it, but that it is at least desirable to harmonize prerequisites of such effects in those countries which acknowledge it.
- j) that trademarks and other distinctive signs differ from other intellectual property rights in that they are granted for an unlimited period of time and in that their validity, significance and value depend on the way they are used by the trade mark owner or his licensees.
- k) that for this reason a special treatment of trade marks and other distinctive signs with regard to legal effects of acquiescence is justified.
- l) that the assessment of the prerequisite of good faith is a question of fact and must be made taking into account globally all elements relating to the conduct of the person benefiting from acquiescence, however, that this does not preclude definition of minimal requirements.
- m) that for trademarks and distinctive signs the criterion of bad faith should be retained in order to prevent obtaining the benefit from acquiescence.
- n) that it is a generally established criterion for the application of the acquiescence mechanism that the prior-right-holder has knowledge of the use of the later right, however, that minimum requirements for establishing such knowledge vary among the countries.
- o) that establishing bad faith as well as knowledge of the respective other party raises subjective issues and therefore causes practical difficulties.
- p) that the prerequisites of acquiescence must not be confused with those of the exhaustion of rights, that, however, the subsequent buyers of goods shall be entitled to the same benefit as the party entitled to the benefit of acquiescence.
- q) for the purpose of the present resolution the term "unauthorized use" refers to any use resulting in infringement of the prior registered trademark or distinctive sign.

Adopts the following Resolution:

- 1) The present resolution applies to registered trademarks and/or other distinctive signs where the legal effects of acquiescence to infringement are accepted under national law.
- 2) The legal effect of acquiescence in respect of unauthorised use shall require
 - a) that for a period of time not less than the duration of the period provided by national laws for barring civil infringement actions, the prior right holder
 - i) did not take any action against such unauthorised use of the prior right holder's registered trademark and/or distinctive sign;
 - ii) while being aware of, or while he had the reasonable possibility to be aware of, such unauthorised use;
 - b) that application for registration of a subsequent trade mark or other distinctive sign and/or commencement of such use is made in good faith, where
 - i) there is a rebuttable presumption of good faith;
 - ii) bad faith shall require awareness of the unlawful nature of such application for registration and/or use;
 - iii) and it is sufficient to rebut the presumption of good faith, if the prior right-holder establishes circumstances making such awareness obvious.
- 3) The legal effects of acquiescence can be prevented by legal action or by any other appropriate action such as sending a cease and desist letter depending on the circumstances of the case.

- 4) If the requirements set out in paragraph 2) are met and subject to paragraph 3), the prior right-holder shall no longer be entitled on the basis of the earlier trade mark or distinctive sign to prevent the unauthorised use of the later trade mark or distinctive sign
 - a) in respect of the specific goods, services and/or activities for which the later trade mark or distinctive sign was used;
 - b) in the form in which the trade mark or other distinctive sign was used; and
 - c) in the specific geographical area in which such use took place.
- 5) A successor of the party entitled to the benefit of acquiescence shall be entitled to the same benefit as set out in paragraph 4 as that party.
- 6) Subsequent buyers of goods shall be entitled to the same benefit as set out in paragraph 4 as the party entitled to the benefit of acquiescence.
- 7) In case of acquiescence and its consequences as specified in paragraph 4) and where the parties cannot agree on the exact scope of their respective rights either party shall be entitled to request a court or tribunal to render a decision thereon.
- 8) The study of the conditions and effects of acquiescence as regards the validity and use of IP rights shall continue.