

## Summary Report Q218

### The requirement of genuine use of trademarks for maintaining protection

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The purpose of this question is to study international and national law in respect of the requirement of genuine use of trademarks for maintaining protection and to encourage proposals for further harmonization.

National Groups from the following countries (in alphabetical order) have submitted reports; Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Indonesia, Israel, Italy, Japan, Latvia, Mexico, New Zealand, the Netherlands, Norway, Panama, Peru, the Philippines, Poland, Portugal, the Republic of Korea, Romania, Singapore, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, the United Kingdom and the United States, in total 42 reports.

Many of the reports provide extensive reviews and very thorough analyses on case law and the interpretation of statutory provisions. Some of the Groups have also given detailed proposals for further harmonisation of the requirement of genuine use.

This report summarizes some of the issues discussed in the National Group Reports but does not attempt to fully describe the accounts of the different national laws made by the National Groups. For a detailed account of any particular answer please refer to the respective National Group Report.

#### **I. Analysis of current law and case law**

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

**1. *Is genuine use a requirement for maintaining protection? What is the purpose of requiring genuine use? Is it to keep the register uncluttered and to thereby allow for new proprietors to make use of a "limited" supply of possible marks? Is the purpose of requiring genuine use to protect consumers from confusion as to the source of origin of the goods or services? Or are there multiple purposes?***

Remarkably all but one of the reporting countries have a requirement of use for maintaining protection of a trademark in some form. The only exception is Chile and the

Chilean National Group explains in its report that although the question has been discussed no actual steps have been taken and for the time being no proposal to introduce such a requirement is at hand. Consequently, it is reported that a trademark may be registered and renewed indefinitely and cancellation actions (based on non-use) are not available in Chile.

The legal term for such use that is necessary to maintain protection differs. Reporting countries employ “serious use”, “use”, “actual use”, “normal use” and “non-nominal use”, but the principle appears to be the same regardless of the term.

In many countries the question of genuine use only comes up in cancellation proceedings or as a counter argument against infringement allegations as there is no formal requirement to lodge proof of use on a periodic basis. But for example, in Canada also the Registrar of Trademarks may on his/her discretion require the trademark holder to provide evidence of use.

The rationale for having the requirement differs somewhat from country to country. Further, in many of the reporting countries it appears there are several grounds behind the requirement for genuine use. The National Groups of Bulgaria and Greece, express in their report that the requirement of genuine use has multiple purposes.

Some of the reporting countries (e.g. Czech Republic, Estonia, Italy and Switzerland) formulate the rationale that “a trademark should fulfil its function to distinguish goods and/or services”. Specifically, the German Group notes that “use of the mark” is a core element of trademark protection. Other reports (e.g. those from the Groups in Brazil, Hungary, Poland, the Republic of Korea, Singapore, Slovenia, Sweden, Switzerland and UK) highlight that the rationale behind the rule is to “allow for new registrants to register ‘un-used’ trademarks”.

In many countries it appears to be expressly stated that the primary reason is to keep the registers uncluttered and remove dead-wood (Argentina, Canada, Estonia, Finland, Germany, Hungary, Israel, Italy, Norway, the Philippines, Poland, Singapore, Slovenia, Sweden, Switzerland and Turkey). The British Group notes in respect of cluttering of the register that the protection afforded to a registered trademark stems from the combination of the trademark and the specification and one reason for the potential cluttering of the register may be the allowance of over-wide specifications. The acceptance of applications covering entire class headings (e.g. by OHIM) is a significant contributor to this problem. The Group suggests that this would be reduced if there were a policy of limiting over-wide specifications in applications to reasonably precise descriptions of the services or the goods actually provided under the mark.

It is also stressed that it is important to avoid situations where trademarks are registered only to prevent others from using them (e.g. Romania, Sweden, Turkey and UK).

The mentioned rationales could also translate into an overall aim to facilitate effective competition mentioned by the National Groups of China, Poland, Sweden and Switzerland.

In various countries the main rationale behind the requirement of genuine use is to protect consumers from confusion. This is reported by e.g. the National Groups of Mexico and US. Conversely, the French and German Groups state that protection of consumers from confusion is not a purpose of the genuine use requirement under French/German and European law.

## **2. *What constitutes genuine use of a trademark?***

It appears that in many countries there is no statutory definition in terms of quantity, geographical area or frequency of “genuine use” (or the term used in the specific country in question). The issue of genuine use has thus to be determined on a case by case basis.

The National Groups of the European Union (and EEA) Member States (e.g. Austria, Belgium, Finland, Greece, Hungary, Italy, Norway, Portugal, Romania, Slovenia, Sweden, and UK) have reported that within the European Union law a trademark is genuinely used when the trademark is used in accordance with its essential function, i.e. to guarantee the identity and origin of goods or services and make it possible for consumers to distinguish without confusion the product or service from others on the market. In assessing whether the use is genuine, the following is taken into account; characteristics of the goods and services in question, the frequency or regularity of use, whether the trademark is used in the marketing of all or only some goods or services of the trademark owner.

For example Swiss law dictates that genuine use is use of a trademark as a mark, in connection with the goods and services claimed, in trade in or for export from Switzerland. Consideration is taken of the usual and commercially reasonable practices in the sector concerned.

Under Israeli law the trademark holder must prove certain commercial use. But also preparations for contemplated commercial use have been considered to be genuine use. In Canada it has been established that one sale in the ordinary course of trade may be sufficient to establish use.

The US Group reports that genuine use of a trademark requires the actual application of the marks to the goods or services in the ordinary course of trade to distinguish the goods or services from those of other sellers and that it is not sufficient to use the mark as a way to reserve the right in a mark.

Under Latvian law genuine use includes use of a trademark in the course of trade with the purpose of gaining or maintaining a certain market position for the respective goods or services. The Latvian Group points out that the definition of genuine use is broad as it has to be applied to infinite market place situations in relation to different types of goods and services.

Under Mexican law the sufficient use is at hand if the products or services are used in the course of trade or available on the market in such quantities and fashion as are

consistent with trade practices. It is also considered that the trademark is in use when being used for exported products. A similar definition is used in Peru; the trademark will be in use when goods and services identified by the trademark have been put on the market in the quantity and manner normally expected according to the nature of the goods and services and the modalities [?] under which these are commercialised.

One contrasting country in this respect is Thailand. Any type of use or even evidence that the trademark holder has no intention to abandon the trademark should be sufficient defence against non-use cancellation. However, for goods and services that require permits from a governmental authority before sales, e.g. pharmaceuticals and cosmetics the Trademark Board will treat the trademark holder's lack of such permits as conclusive evidence of non-use and the trademark holder's intention to abandon the mark.

In some countries there are statutory provisions dealing with these questions. In Australia the use must be in good faith, as a trademark, in the course of trade in Australia, upon or in relation to the goods and services and by the trademark owner, predecessor in title or an authorised user. In Bulgaria there are also statutory provisions in respect of genuine use. In the Republic of Korea the statutory provision stipulates that use of trademark is: applying trademarks on goods, selling or delivering goods, or displaying, exporting or importing such goods for the purposes of sale or delivery or indicating the trademark on advertisements, price lists, business documents, signboards or labels or displaying. In other countries such as Brazil and the Philippines the trademark office issues guidelines in respect of what constitutes genuine use.

In some countries, for example, Singapore, there is no clear specification of what constitutes genuine use but some guidance can be drawn from the definition of use in relation to infringement actions.

**3. *Is use "as a mark" required for maintaining protection? Is use as a business name, use in advertising or use on the Internet sufficient? Is use of a mark in merchandising genuine use for the original products? (For instance, is use of the movie title *Star Trek*, registered for clothing and used on the front of a T-Shirt, genuine use of the mark for clothing?)***

Use as a mark is required in many reporting countries (e.g. Australia, Canada, China, Czech Republic, Finland, France, Germany, Greece, Indonesia, Latvia, Mexico, New Zealand, the Netherlands, Panama, Peru, the Philippines, Poland, Portugal, Republic of Korea, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and US).

In Australia "use as a mark" has been defined as use as a "badge of origin". The Singaporean Group reports that the trademark must be used "in a trademark sense" to meet the requirement of genuine use.

In Japan it is required that the use is "as a mark".

It is reported that in some countries (e.g. Argentina and Brazil) the "use as a mark" is not a known notion or is not mentioned as a requirement.

Many national Groups (e.g. Australia, Canada, Germany, Mexico, Norway, Romania, Switzerland, Turkey and Ukraine) report that the use per se of a word mark in a business name or domain name (to the extent it is perceived as a business name) is not sufficient to meet the prerequisite of genuine use. In this respect the Peruvian Group notes the nature of a business name is to identify commercial activity, a business or a commercial establishment in contrast to a trademark that identifies goods or services. In a recent Israeli decision it was held that use as a business name will only be regarded as “genuine use” if the business name is imprinted on the goods or services.

The US Group notes that the use of a mark in a business name, or in advertising or on the internet may not be sufficient to maintain rights in the trademark, although in respect of services use of mark on the internet in combination with the ability to perform the service may be sufficient to maintain the rights to the service mark.

Under Argentinean law courts have found that free goods may also meet the requirement of commercialisation. Preliminary activities (such as consumer surveys, design, print, purchase of labels and packaging, and pre-sales promotions) can also be considered as genuine use although no products or services are available to the consumers and no business or establishment is identified by the mark. However, stricter criteria are applied to qualify such preliminary activities as genuine use.

The Canadian Group notes that there is a difference between using a trademark on passive website which does not constitute genuine use and the placing of the trademark on the internet in the context of advertising or performing a service, which may constitute genuine use. Further, some National Groups such as the Norwegian and the UK Group state that the use on the internet must have a sufficient connection to the market and be directed to the customer in the specific country in order to constitute genuine use.

It appears that in some countries (e.g. Argentina, Australia, Finland, Germany, Israel, the Netherlands and US) the use of a mark for merchandising products constitutes genuine use for the particular goods sold if distinguishing the merchandising goods from other goods of the same kind e.g. t-shirts and if there is an actual link between the goods marketed and the proprietor of the trademark. On the contrary the Spanish Group has come to the conclusion that the Starrek example above would not constitute genuine use under Spanish law as it would not be use “as a mark”.

Under Australian law it has been held in case law that the use of the words “CHILL OUT” in the front of a t-shirt along with an image of a Coca-Cola bottle on license from Coca-Cola was not genuine use of “CHILL OUT” as a trademark. The reason was that the words were used to advertise the Coca-Cola beverage as a “suitable medium or accompaniment of relaxation” rather than to distinguish the T-shirts originating from a particular trade source from other T-shirts from different source.

**4. What degree of use is required for maintaining protection? Is token use sufficient? Is minimal use sufficient?**

Token use, defined as a way to merely maintain cancellation without an actual intention to use the mark, seems not acceptable as genuine use in the majority of the reporting countries (e.g. Argentina, Belgium, Canada, China, Czech Republic, France, Greece, Hungary, Italy, Japan, Latvia, Mexico, New Zealand, the Netherlands, Norway, Peru, the Philippines, Portugal, Republic of Korea, Sweden, Switzerland, Turkey, Ukraine, UK and US). However, there are some exceptions, e.g. the Indonesian Group reports that token use is sufficient and the Philippine Group notes that token or minimal use is neither expressly allowed nor disallowed.

It is noted that the notion of “token use” is not used in all reporting countries, e.g. in Panama “formal or symbolic acts” do not constitute genuine use.

The vast majority of National Groups (Argentina, Austria, Belgium, Bulgaria, Canada, Finland, France, Germany, Greece, Hungary, Israel, Italy, Japan, Latvia, Mexico, New Zealand, the Netherlands, Norway, Panama, Peru, Poland, Portugal, Republic of Korea, Romania, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and US) have stated that in their respective countries there is no expressed standard or degree, but a case by case analysis is made in respect of the degree of use needed to amount to “genuine use”. When analysing whether the use at hand amounts to a sufficient degree all facts and circumstances of the case must be taken into account to conclude whether the commercial exploitation of the mark is real. Factors that may be taken into account is the nature of the goods or services, e.g. every day consumables/high end luxury or technical products, the size of the trademark holder, if the trademark holder is a new player on the market, trade practices for that industry sector, the (potential) consumer of the goods or services to which the trademark applies, whether the use is aimed at maintaining or creating a market share.

Further, it appears that in most countries the nature or quality of the use is more important than the degree. However, the important thing is that there is a serious intention to use the trademark (or that the mark is in use in actual business or commerce). The Swiss Group has provided a number of examples from case law where the genuine use requirement has been discussed in terms of quantity or degree which is very helpful (please refer to the National Group Report).

The Australian and Singaporean Groups note that even a single bona fide use may constitute genuine use if overwhelmingly convincing proof thereof is provided. The Japanese Group reports on a case where a single transaction was considered to be genuine use. The registered mark was used for “exterior of an artificial skin for a robot” and thus for a very specific product.

**5. *Is use in the course of trade required? Does use by non profit-organisations constitute genuine use? Does use in the form of test marketing or use in clinical trials constitute genuine use? Does use in form of free promotional goods which are given to purchasers of other goods of the trademark owner constitute genuine use? Does internal use constitute genuine use?***

In the vast majority of the reported countries it appears that use in the course of trade is required, e.g. in Argentina, Australia, Austria, Belgium, Canada, China, Czech Republic, Finland, France, Greece, Hungary, Japan, Latvia, Mexico, New Zealand, the Netherlands, Norway, Panama, Peru, the Philippines, Portugal, Republic of Korea, Romania, Singapore, Slovenia, Spain, Sweden, Switzerland, Turkey and UK. Other countries employ other terminology, such as “commercial use” in Israel, “genuine commercial use” in Ukraine and “in commerce” in the US but the concept appears to very similar.

The Indonesian Group has reported that it is not necessary that the trademark is used in the course of trade to meet the requirement of genuine use. The Polish Group reports that the only prerequisite under Polish law is that the products should be marked with a trademark and there is thus no requirement of “use in the course of trade”.

In most countries also use by non profit-organisations may constitute genuine use. This appears to be the case in Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Estonia, Greece, Hungary, Indonesia, Italy, Japan, Latvia, New Zealand, the Netherlands, Norway, Panama, Peru, the Philippines, Republic of Korea, Romania, Singapore, Slovenia, Spain, Sweden, Switzerland, Turkey, UK and US. Some of the Groups from countries being members of the European Union/EEA (e.g. Germany, France, Italy, the Netherlands, Norway, Sweden and UK) make reference to a case from the Court of Justice of the European Union (Radetzky-Orden CJEU C-442/07) where it was held that one prerequisite is that the non-profit organisation uses the trademark in its relation to the public and not merely for private ceremonies or events or advertisements for such events.

The Bulgarian Group reports that according to the Law for Non-profit Legal entities the use of a trademark by a non-profit organisation does not amount to genuine use.

Test marketing could in many countries (e.g. Argentina, Australia, Canada, China, Finland, Germany, Greece, Indonesia, Israel, Latvia, the Philippines, Romania, Singapore, Spain, Switzerland, Thailand, Ukraine, UK and US) be regarded as a preliminary action which could constitute genuine use on its own or in combination with other facts e.g. that the trademark holder can show serious plans to use the trademark in the near future or later shows actual sales. The Korean Group notes in this respect a case where the importation of 30 polo shirts bearing a certain trademark constituted genuine use as such use was conducted to check the quality of the product and test the market before launch.

It appears that opinions differ as to whether the use of a trademark for clinical trials can constitute genuine use. Some countries (e.g. Argentina, Canada, China, Latvia, the Philippines, Romania, Singapore, Thailand, Ukraine and US) have reported that use in

clinical trials could constitute genuine use. Further, the Japanese Group reports that in case law it has been found that the assignment of a product bearing a registered trademark to a university free of charge for use in clinical trials constitutes use of the registered trademark. But other National Groups report that since use of a trademark for clinical trials is not considered to be use in the course of trade such use does not amount to genuine use (e.g. Australia, Belgium, France, Greece, Hungary, Spain, and Switzerland). The Dutch and Swedish Groups note a decision from the OHIM (case no 421/199) regarding CERZYME, where it was held that clinical trials did not result in genuine use of the particular trademark.

Use in form of free promotional goods can, depending on the circumstances, be regarded as genuine use in some jurisdictions e.g. Australia, Brazil, New Zealand and Thailand. The Chinese Group reports that use in form of free promotional goods may be considered as genuine use if the trademark separately appears on the promotional goods. Other Groups (Greece, Japan, Republic of Korea and US) report that use in form of free promotional goods could not or is likely not to constitute genuine use. Many of the National Groups in EU member states (e.g. Austria, Belgium, Hungary, the Netherlands, Sweden and UK) refer to the Silberquelle case (CJEU C-495/07) in which it was held that if the proprietor of a mark affixes that mark to items given away free of charge to purchasers of its goods, it does not make genuine use of that mark in respect of the class covering those items. The German Group notes that the Court's overly narrow approach in the Silberquelle case should be rejected. The French Group also considers the Court's approach to be strict, noting that the French courts had pursued a more liberal approach prior to the Silberquelle decision.

Also internal use may qualify as genuine use depending on the circumstances in some countries e.g. Australia and Brazil. It is reported from Argentina, Canada and Poland that if the mark actually functions as a trademark e.g. identifies a specific product or service available for employees of the company or members of the organisation the use may constitute genuine use. The Japanese and Mexican Groups note that in some cases the sale of a product from a parent company to a subsidiary may constitute genuine use.

But other National Groups (e.g. those from Brazil, Bulgaria, Czech Republic, Finland, Greece, Israel, Italy, Japan, Latvia, New Zealand, Norway, Panama, Peru, the Philippines, Romania, Singapore, Spain, and US) report that internal use does not or is likely not to constitute genuine use. The National Groups of i.a. Germany, Hungary, the Netherlands, Sweden and UK in this respect note that in accordance with a case in the European Union – the Ansul case (CJEU C-40/01) – internal use does not constitute genuine use.

**6. *What is the required geographic extent of use? Is use only in one part (or a state in the case of confederation) of the country sufficient? Is use of the CTM in only one EU member state sufficient? Is use only in relation to goods to be exported sufficient? Is use in duty free zones considered to be genuine use?***



The majority of the National Groups report that the use must take place in the respective country but it is not necessary that the use covers the entire country. This is the case for example in Argentina, Australia (however, some limitations apply), Austria, Brazil, Bulgaria, Canada (however, some limitations apply), China (with the exception that use in Hong Kong, Taiwan and Macau are not considered valid use in mainland China), Czech Republic (where it has been held that the use must be more than local), Finland, Germany, Greece, Indonesia, Japan, Mexico, New Zealand, Norway (some limitations apply if the use is very local), the Philippines, Portugal, Republic of Korea, Romania, Spain, Switzerland, Turkey, Ukraine, and UK.

The Hungarian group reports that a case by case evaluation is made but that use of a sign in one square of the capital has been held not to constitute genuine use. Also in Italy the issue is assessed on a case by case basis. The Latvian Group reports that there is no geographical requirement in the Latvian law. The National Group of Panama explains that also international use may be sufficient to meet the requirement of genuine use.

The US Group notes that use in commerce under US law must meet the requirements of the commerce clause, i.e. commerce between the different states of the US, commerce between the US and a foreign state or use in commerce relating to banking and customs matters but that it is rare that a court finds that a trademark is so limited to only one state that it does not satisfy the first alternate requirement.

Special issues arise when a trademark is granted for a region of multiple countries rather than for one specific country. Under Peruvian law the trademark must be used in at least one of the Andean states (Bolivia, Colombia, Ecuador or Peru) to constitute genuine use. The National Group of the Netherlands explains that although a Benelux trademark is valid in three countries (Belgium, the Netherlands and Luxembourg), use in only one of them may suffice for the requirement of genuine use.

The National Groups of the EU member states Finland, Greece and the Netherlands note the Joint Statements by the Council and Commission at the time of adoption of the CTM Regulation that the use in only one member state is sufficient (OJ OHIM 5/96, 28 May 1996), but emphasize that this view has been criticised. Further, the Belgian, Dutch, German, Swedish, French and UK Groups report that currently there is the OMEL/ONEL case on preliminary ruling on four questions pending before the CJEU on the interpretation of the EU Trademark Regulation in this respect due to a recent decision by the Benelux Trademark Office which rejected an opposition because the opponent and holder of a CTM only had used the trademark in the Netherlands and not in the rest of the EU. It was held that the opponent had not demonstrated genuine use of the trademark.

The majority of the National Groups report that exportation is sufficient to constitute genuine use (e.g. Argentina, Australia, Austria, Brazil, Bulgaria, Canada, China (however, currently under debate), Czech Republic, Estonia, Finland, France, Germany, Greece, Italy, Japan (no precedent), Latvia, Mexico, New Zealand, the Netherlands (provided that the goods are intended to be put in circulation even if outside of the Netherlands), Norway, Peru, Poland, Portugal, Republic of Korea, Romania, Singapore,

Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, UK and US). Conversely, the Israeli Group reports that it is doubtful that exportation of goods would meet the requirement of genuine use as the trademarks then would not be directed towards customers in the territory of Israel.

Use in duty free zones is sufficient to meet the requirement in some of the reporting countries (e.g. Argentina, Australia, Austria, Brazil, Canada, China, Finland, France, Germany, Greece, Israel, Italy, Japan (no precedent), Latvia, Mexico, New Zealand, the Netherlands, Peru, the Philippines, Poland, Portugal, Republic of Korea, Slovenia, Switzerland, Turkey, UK and US). Some National Groups (those of Czech Republic and Ukraine) are more hesitant whether use of a trademark in duty free zones would constitute genuine use. The Korean Group reports a case where it has been established that use in an extraterritorial region - a foreign embassy - in Korea was not genuine use.

**7. Does genuine use have to take place in the exact form in which the mark is registered? Is use in a different form sufficient? What difference is considered permissible? What if (distinctive) elements are added or omitted? Is use of a mark in black and white instead of colour sufficient (in case of marks with a colour claim) and vice versa?**

It appears that in many of the reporting countries the actual or similar wording of article 5C (2) of the Paris Convention has been codified into the national rules on how the mark may be used without being vulnerable to cancellation.

“Use of a trademark by the proprietor in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered [...] shall not entail invalidation of the registration and shall not diminish the protection granted to the mark”

The majority of the Groups report that a trademark does not have to be used in the exact form in which the mark was registered to meet the genuine use requirement, additions and alternations are to some extent allowable as long as they do not substantially affect the marks identity, change the overall expression or change its distinctive core. The terminology differs somewhat in the different countries. This assessment is based on facts and determined on a case by case basis. This is the reported situation in Australia, Austria, Brazil (although the trademark guidelines state that the mark should be used in the exact manner as registered), Canada, China, Czech Republic, Estonia (any elements required by law may be added), Finland, Greece, Hungary, Indonesia, Israel, Italy, Japan, Latvia, Mexico, New Zealand, the Netherlands, Norway, Panama, Peru, the Philippines, Poland, Portugal, Republic of Korea, Romania, Singapore, Slovenia, Spain, Sweden, Switzerland (it has been held that “modernisation” of a mark to some extent is allowable) and UK. The UK Group reports that a two step test is used in the UK; 1) identify the points of difference between the mark used and the mark registered and 2) do those differences alter the distinctive character of the mark as registered?

The US Group points out that there is a difference between registered and non-registered marks but that registered marks must be used in the exact form which they are registered or in a form that is deemed to convey the same overall commercial impression as the registered trademark.

The Japanese Group notes that genuine use is achieved by use of a trademark which based on conventional wisdom, is deemed to be identical, e.g. marks written interchangeably in different characters (Hiragana, Katakana or the Latin alphabet) but identical in terms of pronunciation and concept.

The German Group notes that use of different scripts or capital letters instead of small letters and vice versa will constitute sufficient use. Equally, addition of non-distinctive elements will be acceptable.

The reporting countries seem to take different stands in the question of use of colour trademarks in black/white and vice versa. Some National Groups (e.g. those in Canada, China, Czech Republic, Finland, Hungary, Latvia, Mexico and the Philippines) report that registered colour trademarks must be used in that particular colour but marks registered in black/white may be used in any colour to meet the requirement of genuine use. The Swedish Group reports on a case from the OHIM Second Board of Appeal (R 1546/8008-2) where it was held that a trademark registered in monochrome generally is deemed to possess a scope of protection that would include all colour combinations.

The Greek Group notes that where a trademark is registered in black/white, the use of the mark in colour would not constitute genuine use.

Yet other National Groups (those in e.g. Indonesia, Japan, Republic of Korea, Slovenia and Spain) report that the use of colour on trademarks registered in black/white as well as black/white use of registered colour trademarks would be sufficient.

**8. Does the mark have to be used in respect all of the registered goods and services? What if mark is used in respect of ingredients and spare parts or after sales services and repairs, rather than registered goods and services? What is the effect of use which is limited to a part of the registered goods or services? What is the effect of use limited to specific goods or services?**

In a number of countries (Australia, Brazil, Czech Republic Estonia, Finland, Hungary, Indonesia, Israel, Japan, Latvia, New Zealand, the Netherlands, Norway, Panama, Peru, Portugal, Republic of Korea, Romania (enforceable), Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and US) there must be an intention and an actual use of the mark in relation to the goods and services specified in the registration. Further, non-use in relation to some of the registered goods and services may be grounds for a partial removal from the register. The Thai Group reports that partial non-cancellation is not available in Thailand and any use of the mark in relation to some but not all goods/services thus should be enough to maintain the entire registration.

In Canada for example there are Summary Cancellation proceedings during which a registrant can be required by the Registrar to provide evidence that the mark has been used within the preceding three years with respect to all of the goods/services claimed in the registration. The registration will be maintained in respect of those goods/services for which there has been actual use and the remaining items will be deleted.

The Austrian Group notes that not only specific goods or services are considered but also goods and services achieving substantially the same function by using substantially the same means suffice, e.g. it has been held in case law that the use of a trademark for sun glasses was sufficient to maintain protection for optical glasses, protective glasses and sport glasses.

It is reported that under Japanese law, the use of ingredients and spare parts only as well as use in respect of after-sale services and repairs will not amount to genuine use as “product” is something that can be put into distribution as an independent item to be traded in the market. The Latvian, Philippine and US Groups report similar situations in their respective countries.

The Belgian, Dutch, Finnish, French and German Groups note the Ansul case from the European Union (CJEU C-40/01) in which it was held that if a trademark is used in respect of ingredients and spare parts or after sales services and repairs rather than for registered goods and services, such use may constitute genuine use of the trademark.

The Swiss Group reports that under Swiss law the question whether the use of a trademark for ingredients and spare parts or after sales services and repairs, rather than registered goods and services constitutes genuine use, depends on whether the spare part or the ingredient are independent economic assets.

**9. Evidence of use: How does one prove genuine use? Is advertising material sufficient? Are sales figures sufficient? Is survey evidence required? Are the acceptable specimens for proving genuine use different for goods and services? Who has burden of proof for genuine use?**

Many National Groups (Argentina, Australia, Bulgaria, Czech Republic, Estonia, Finland, Hungary, Japan, Latvia, New Zealand, the Netherlands, Peru, the Philippines, Poland, Portugal, Romania, Sweden, Turkey and Ukraine) report that an assessment is made on a case by case basis on what evidence is sufficient to prove genuine use and that means of proof could be i.a. sales figures, advertising expenditure, account records, photographs, press releases, reports, samples, shipping documents, website printouts, witness declarations or a combination of several of these means of proof.

In some countries (Canada, Estonia, France, Germany, Israel, Latvia, New Zealand and the Philippines) survey evidence is not necessary and not customary. The situation appears to be the same in Australia and UK and the Australian and British National Groups additionally note that in many cases survey evidence would not be the best kind of evidence as also a small amount of use will suffice. In comparison survey evidence

could be helpful in Austria and in Panama it is recommended to use survey evidence to prove genuine use.

Generally it appears that in most countries there are no specific differences as to services and goods. One exception to this is the US and the US Group reports that under US law acceptable specimens to prove genuine use are different between goods and services.

In some countries at least the prima facie burden of proof lies with the claimant but as it is recognised that the claimant may have difficulty to prove lack of use (i.e. to prove that something does not exist) the burden of proof shifts to the defendant/trademark holder after an initial phase (e.g. in Argentina, Estonia, Israel and Italy).

In many other countries the burden of proof for genuine use lies with the holder of the trademark. This is the case in e.g. Australia, Austria, Brazil, China, Finland, France, Germany, Hungary, Japan, Latvia, New Zealand, Norway, the Philippines, Poland, Portugal, Republic of Korea, Romania, Slovenia, Spain, Turkey, Ukraine and UK.

The Swiss Group notes that the standard of evidence to prove genuine use and the allocation of burden of proof is subject to different regulations depending on whether the issues arise in opposition proceedings or in “ordinary” court proceedings. Also in Canada different rules apply on placement of the burden of proof in different procedures. The situation in the Netherlands is similar and the Dutch Group reports that in cancellation proceedings the burden of proof lies with the trademark holder if the applicant for cancellation has provided more than the mere assertion of non-use whereas in court proceedings the court may place all or part of the burden of proof with the trademark holder in accordance with a particular provision for trademark cases.

**10. *If the trademark owner has a proper reason for not having put his mark to genuine use, will he be excused? What constitutes a proper reason for non-use? If the non-use is excusable, is there a maximum time limit? If so, is the time limit dependent upon the nature of the excuse?***

The vast majority of the reporting countries excuse a trademark holder for proper non-use. One exception is Panama. Further, the Slovenian Group reports that such an exception to the genuine use requirement is not stated in the relevant law.

The definition of such proper non-use varies. Some countries (e.g. Argentina, New Zealand, Republic of Korea and Romania) refer to situations which have occurred and are “clearly beyond trademark holder’s control”, e.g. force majeure.

The Australian National Group notes that the circumstances being obstacles to the trademark holder’s use will have to “arise externally to the registered holder”, “be circumstances of trading nature” and “have a causal link to the trademark’s non-use” in order for the trademark holder to be excused. Austria, Canada, Czech Republic, Finland, Norway, Peru and Poland appear to have a similar requirement that the impeding circumstances “arise externally to the registered holder”.

Yet other National Groups (e.g. those in Italy, Mexico, the Philippines, Singapore, Spain and Switzerland) report that the circumstances impeding use must be independent of the will of the trademark holder.

Under Japanese law the following circumstances may constitute proper reasons for non-use; force majeure, reasons caused by third party's intent or negligence, reasons related to the exercise of public power such as a statutory prohibition and other reasons not attributable to the trademark owner.

In some countries (e.g. Argentina, China, Finland, Germany, Israel, Norway, Poland, Republic of Korea, Sweden, Switzerland, Turkey and Ukraine) different kinds of acts of government and other official authorities may constitute proper reasons for non-use, examples given include delay in government approvals, import/export bans, change of laws, delay of marketing approval in case of pharmaceutical company market approval.

The Chinese and Greek Groups report that also bankruptcy and liquidation may be proper reasons for non-use. Under Israeli law also difficulties encountered when introducing a new product to the market may constitute proper reasons for non-use if substantial resources have been invested in order to use the trademark.

The National Group of the Netherlands notes the definition in TRIPs 19 (1) *“Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle of the use of the trademark such as import restrictions and other government requirements for foods or services protected by the trademark shall be recognized as valid reasons for non-use”* and reports on a case from the European Union in which it was held that obstacles having a direct relationship with a trademark which make its use impossible or unreasonable and which are independent of the will of the proprietor of the mark may constitute proper non-use (CJEU C-246/05 Armin/Häupl).

Many National Groups (e.g. those in Argentina, Australia, Austria, Brazil, Canada, Czech Republic, Estonia, Finland, Indonesia, Israel, Japan, Latvia, Mexico and the Netherlands) report that there is no specific time-limit for proper non-use. The Swedish Group reports on a case from the Appeal Court where the trademark holder was excused although the trademark had not been used for a period of eight years.

#### **11. Within which period of time does use have to take place?**

It appears that a period of either five or three years are the most common time limits, either from the date of registration or preceding the revocation action or cancellation proceedings.

In e.g. Brazil, Bulgaria, Estonia, France, Germany, Greece, Norway, Romania, Slovenia and Spain it appears that the grace period is five years from the date of registration whereas e.g. China, New Zealand and Ukraine have a three year grace period from the date of registration.

Some countries (e.g. Finland, Hungary, Italy, Portugal, Singapore, Sweden, Switzerland, Turkey and UK) report that a trademark must be used within five years from the date of registration and then used each consecutive 5-year period preceding the revocation action. Other National Groups (e.g. Japan, Mexico, Peru, Republic of Korea and Thailand) report that the trademark must be used within three years prior to a request for cancellation to avoid cancellation.

The US Group reports that under US law there is a presumption of abandonment if the trademark has not been used for three consecutive years.

The Philippines have different provisions in respect of applications and granted trademarks: with regard to pending applications, use of the mark must take place within three years from the filing date of the application and use of registered marks must take place at any time within five years of the date of registration and a declaration to that effect must be filed within one year from the fifth anniversary of the registration.

**12. Does use of the mark by licensee or distributor constitute genuine use for maintaining protection? If so, does the license have to be registered? If so, are there any requirements to be met by the trademark holder (the licensor) to maintain the trademark (e.g. quality controls, inspections or retaining a contractual right to control or inspect)?**

It appears that in the vast majority of countries use of the mark by licensees and distributors constitutes genuine use (e.g. Argentina, Australia, Austria, Brazil, Bulgaria, Canada, China, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Indonesia, Israel, Italy, Japan, Latvia, New Zealand, the Netherlands, Panama, Peru, the Philippines, Poland, Portugal, Republic of Korea, Romania, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine and UK). However, in the US only use of the mark by licensees constitutes genuine use and thus a distributor's use does not constitute genuine use unless a license is implied.

It is reported that in many countries (e.g. Argentina, Australia, Austria, Brazil, Canada, Czech Republic, Estonia, Finland, France, Hungary, Italy, Latvia, the Philippines, Poland, Romania, Slovenia, Spain, Sweden, Switzerland, Ukraine, UK and US) no registration of the license is necessary in order for the licensee's use to constitute genuine use. But in Bulgaria, China, Greece, Indonesia, Israel (advisable), Panama, Peru, Thailand and Turkey (advisable) the license should be registered. Further, in Japan and in the Republic of Korea a special exclusive license should be registered and a non-exclusive license may be registered but it is not mandatory.

The National Groups in e.g. Argentina, Austria, Brazil, Bulgaria, Estonia, Finland, Germany, Greece, Hungary, Peru and Sweden report that if the trademark is used by a licensee or distributor with the approval of the trademark holder, no particular requirements are to be met by the trademark holder.

But in certain countries the trademark holder should maintain control of the trademarks, in Australia the use of the trademark should be under control of the trademark owner

including financial and quality control as stipulated in statutory provisions. There are similar requirements in Canada, China and Ukraine. In the US the trademark holder should both execute quality controls and maintain inspection rights. The Japanese National Group reports that although control of trademarks is not required per se it is advisable. The Philippine National Group notes that the license agreement needs to cover certain provisions and omit certain provisions to be valid. Further, the licensor needs to exercise effective quality control. The Thai Group notes that the license agreement must include a specification of the goods/services in relation to which the mark is licensed and a provision allowing the licensor to control the quality of the licensee's products.

The Singaporean Group reports that whether the use of the mark by the licensee constitutes genuine use will have to be decided on a case by case basis depending on i.a. whether the trademark holder exercises quality control and the holder has a right to make inspections. The use of a distributor is normally considered to be genuine use as the goods emanate from the trademark holder.

The UK Group observes that quality controls are not necessary per se, but if not executed, the trademark holder risks the trademark becoming liable to revocation on the grounds that the mark has become liable to mislead the public because it no longer functions as a badge of origin.

**13. *What are the consequences if a mark has not been put to genuine use? Who may apply for a cancellation and in what circumstances? Is a defendant in opposition proceedings entitled to challenge the opponent and demand proof of genuine use of the earlier mark? If so, under what circumstances?***

In many of the reporting countries the consequence of non-use is vulnerability to cancellation of the trademark.

The US Group stresses that in the event of non-use, apart from the mark becoming vulnerable to cancellation, all use-based rights in the mark, such as protection against infringement and dilution, are lost. Under Philippine law one consequence of non-use is that the Trademark Office may cancel the trademark or refuse the trademark application as the case may be, another consequence is that third parties may apply for a cancellation of the trademark.

The Austrian Group notes that the cancellation has a five year retroactive effect calculated from the date of the application of cancellation. Also in Hungary there is a retroactive effect of a revocation.

In a number of countries (e.g. Australia, China, Czech Republic, Estonia, Germany, Hungary, Indonesia, Peru, Singapore, Sweden and UK) any person may initiate cancellation proceedings. But in other countries only a party having a legitimate interest in removing the trademark from the register has the right to apply for a cancellation or revocation; this is the case in e.g. Argentina, Brazil, Finland and Greece. In other countries only "interested parties" are entitled to initiate proceedings (e.g. Israel, Italy



(according to the code of civil procedure), Latvia, the Netherlands, Panama, Slovenia and Thailand).

Other definitions of parties being entitled to initiate proceedings are; those having “legal interest” (Norway, Switzerland), those having “legitimate interest” (Poland, France), those having “an interest to register the trademark or a confusingly similar trademark”, (Portugal), “aggrieved person” (New Zealand), “someone who is or will be damaged by the registration” (the Philippines and US), “someone who has suffered prejudice due to the trademark registration”(Ukraine). In Canada different rules apply to different *fora*; either any person or an “interested person”.

Under the laws of the Republic of Korea the applicant for the cancellation of a trademark must show that it is an interested party; i.e. that it 1) conducts business in Korea in the relevant fields involving the goods/services in question, 2) has concrete plans to conduct such business activities, 3) has received a warning letter based on infringement, or 4) its application was rejected due to the mark in question.

In Spain not only a person (natural or legal) affected by the trademark registration or having a legitimate interest has the right to apply for revocation but also the trademark office may apply for revocation (before a court). Under Turkish law damaged third parties, public prosecutors and related official institutions are authorised to file a cancellation action before IP courts.

In some countries it is possible to invoke the argument of non-use in opposition proceedings (e.g. Australia, Bulgaria, Germany, Hungary, Israel (probably), Latvia (demand proof of use), the Netherlands (but to cancel the trademark one needs to initiate separate proceedings) Norway, Panama, the Philippines, Romania, Switzerland and UK.

But in others such as e.g. Austria, Brazil, China, Czech Republic, Estonia, Finland, Israel, New Zealand, Peru, Poland, Portugal, Republic of Korea, Sweden and Ukraine, the defendant to an opposition proceeding must lodge a separate cancellation claim to invoke the argument of non-use as a defence in the opposition proceedings.

**14. Assuming a trade mark owner has not made genuine use of his mark within the prescribed period, can he cure this vulnerable position by starting to use in a genuine way after this period and will he then be safe against requests for cancellation or revocation? Is it allowed to re-register a trade mark that has not been genuinely used in the prescribed period of time?**

The US Group notes that under US law a period of non-use can be cured by simply resuming use of the mark. However, if the mark is genuinely abandoned, where the owner has ceased to use the mark and had no intention to resume use at any time during the period of non-use it cannot be cured by resuming use or by any other means.

The Philippine Group notes that unjustifiable non-use of a trademark is incurable.

In many countries it is possible to cure the vulnerable position as there is no ex officio cancellation of the un-used mark provided that cancellation proceedings have not been initiated, e.g. Argentina, Australia, Brazil, Canada (only if no notice from Registrar), France (under certain conditions), Greece (under certain conditions), Israel, New Zealand (up to one month before cancellation proceedings are started), Panama (until the date of cancellation application), Poland, Republic of Korea, Thailand and Ukraine.

The UK Group has reported that in principle it is possible to cure the vulnerable position but commencement or resumption of use after the end of the grace period but within the three month period before the revocation proceedings are initiated will be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application for revocation/cancellation might be made. Similar rules appear to apply in e.g. Austria, Estonia, Finland, Germany, Japan, Latvia, the Netherlands, Norway, Portugal, Romania, Singapore, Slovenia, Spain, Sweden and Turkey.

In principle it is possible for the original trademark owner to re-register the trademark by filing a fresh application in many countries (e.g. Argentina, Australia, Canada, China, Estonia, Finland, France, Greece, Hungary, Indonesia, Israel, Italy, Japan, Latvia, Mexico, New Zealand, the Netherlands, the Philippines, Poland, Romania, Spain (fraud of law decided on a case by case basis), Switzerland (considered as null and void if obvious that there was never an intention to actually use the trademark), Thailand, Turkey, Ukraine, UK (bad faith issues may arise) and US.

The Singaporean Group notes that although there is no formal impediment to apply for a re-registration, such an application will likely be rejected as the claimant in the cancellation proceedings will have acquired the mark and thus there exists a confusingly similar mark in the register.

If a trademark registration is cancelled, under Panama law, the party who requested and was granted the cancellation has an exclusive right to apply for registration of the mark within 3 months from the date the cancellation was notified to the Trademark Office. After that period anyone can apply for registration including the original trademark holders whose right was cancelled.

The Peruvian and Swedish National Groups report that it has been suggested in legal doctrine that the re-registration of the same trademark should not be allowed based on bona fide rules but there is no legal prohibition against re-registering a trademark after cancellation due to non-use.

## **II. Proposals for adoption of uniform rules**

**15. *What should the purpose of the uniform rules be? Should the rules address either or both purposes of protecting the consumers from confusion and of keeping the register uncluttered for new/potential trademark registrants?***

The majority of the National Groups appears to be in favour of adopting uniform rules. One exception is the Singaporean Group that recommends not adopting any uniform rules as a set of rules may be too rigid while market practices constantly evolve.

Many of the National Groups (e.g. the Groups in Argentina, Austria, Brazil, China, Czech Republic, Estonia, Finland, France, Germany, Japan, the Netherlands, Peru, Portugal, Romania, Sweden, Turkey and Ukraine) are of the opinion that the primary purpose should be to keep the register uncluttered for new/potential trademarks registrants. Certain National Groups (Canada, Greece, Hungary, Indonesia, Mexico, the Philippines, the Republic of Korea, Slovenia and US) believe that rules should address both the protection of consumers and keeping the trademark register uncluttered. On the other hand the Japanese Group notes that the issue of protecting consumers from confusion may be dealt with by way of unfair competition law. One essential purpose should be to prevent trademark owners from asserting trademarks that they have not used during the allotted time frame against third parties

The Groups have also given other suggestions in respect of the purpose of any uniform rules. The Canadian Group points out that the purpose of the uniform rules should be to provide for more consistency with respect to requirements relating to the nature and extent of “genuine use”.

The Australian Group suggests that the purpose should be both to advance the functions of the trademarks and the function of maintaining uncluttered trademark registers. The functioning of the trademarks could be divided into; Distinguishing function, Goodwill function and Advertising function. If the trademark is not used publicly these functions will not be served.

The Italian Group proposes that the purpose of the rules should be to assure that trademarks perform its essential function of being a synthetic instrument of communication.

The Norwegian Group suggests that the purpose should be to protect real mercantile interest, so that the number of trademark registrations and trademark disputes are reduced. Further, it should be a main objective to prevent so-called “defensive filings”, which merely are filed in order to reduce competition.

The UK Group considers the purposes set out in the Codified EU-Directive are the appropriate ones; to reduce the number of trademarks registered and protected and consequently the number of conflicts which arise between them.

The Thai Group advocates that when adopting uniform rules all relevant parties’ (registrant, registrant’s competitor and consumers) interests should be taken into account.

The Chinese Group notes that if there is no possibility to register a “defensive trademark” this could cause a problem for the holders of famous or well-known trademarks to defend their trademarks but that this is a complex issue and difficult to address by setting up uniform rules.

The Argentinean Group suggests that the harmonisation should be limited to fixing a uniform grace period and establishing whether use in a country where the mark is actually registered is required. The basis for the suggestion is that currently grace periods vary in different countries and in some countries use of the mark in foreign jurisdictions suffices to meet the genuine use requirement.

The Swiss Group advocates that each jurisdiction should offer an inexpensive administrative cancellation proceeding similar to an opposition proceeding. Such proceedings would facilitate cancellations of trademarks where non-use could be established on a *prima facie* basis. Further, the Group discusses a concept whereby the first period of protection is reduced to five years with lower registration fees. After the initial five years the trademark holder must make an informed decision whether to renew the trademark for a period of ten years. Renewal is normally only done if the trademark is really used or about to be used. It is suggested that renewal fees are set higher than fees for the first five year period. It is noted that such a system must be analysed more in detail particularly in light of the Madrid System currently in place.

The French group recommends that there should be no automatic penalties against non-use and that penalties should only be ordered at an interested third's party request

**16. *Should there in your opinion be a threshold to the “genuine use”, such as a de minimis rule for a trade mark? If so, what would be suitable threshold? Should the rule be construed differently for large co-operations than for small businesses?***

The vast majority of the Groups agree (e.g. Argentina, Australia, Austria, Brazil, Canada, China, Czech Republic, Estonia, Finland, France, Germany, Hungary, Israel, Italy, Latvia, the Netherlands, Panama, Peru, the Philippines, Poland, Republic of Korea, Singapore, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and UK) that it is not appropriate to set a fixed *de minimis* rule for trademarks. Instead a case by case analysis must be made taking all circumstances into account. Further, most of the countries see no reason to construe the rule differently for large co-operations than small business at least not as a pre-set rule, but the size could be taken into account in the case by case analysis.

The US Group proposes that the threshold for “genuine use” should be at least one genuine sale or distribution in commerce followed by a continuing stream of sales of the trademarked product or service at a level appropriate to the size of the producing business operation.

The UK Group proposes that the focus should continue to be on the requirement of “genuineness” of the use based on all the circumstances of the case, rather than the quantitative aspects and that this approach provides a test which can be applied in the same manner for large as well as small businesses.

The Swedish Group notes that a recent tendency in case law is that very limited use of a trademark is sufficient for fulfilling the use requirement. Taking into account that a trademark registration gives the holder a monopoly which is an exception from the principal rule of free competition, there is a risk, should this tendency continue, that the genuine use requirement will not be a sufficient restriction of the monopoly granted to the trademark holder.

The Italian Group notes that it would be helpful to have detailed guidelines on the subject. The Thai Group agrees with this and suggests that factors to be taken into account should include; registrant's intention, nature of goods/services and manner of use.

The National Groups of Greece and Norway are of the opinion that a *de minimis* rule would be advisable. The Greek Group suggests that the rule should be construed differently for large co-operations and small businesses. The Norwegian Group believes it difficult to construe the rule differently depending on the trademark holder but welcomes more precise guidelines. Some of the guidelines could also be codified.

The Portuguese Group notes that it would be helpful to have more precise criteria in respect of genuine use, but that such criteria always should allow sufficient flexibility to adapt to the specificities of each case and situation.

**17. *To what extent should it be possible to use a mark that differs from the representation in the register and maintain protection? Should it even be possible to add or omit elements of a registered figurative mark and maintain the trademark? How should the system ensure that registers are reliable for third parties and yet provide some flexibility for the trademark holder when using the mark in commercial activities?***

Many of the National Groups (e.g. those in Australia, Austria, Brazil, Canada, China, Finland, France, Japan, Mexico, the Netherlands, Norway, Panama, the Philippines, Poland, Portugal, Republic of Korea, Romania, Singapore, Slovenia, Spain, Sweden, Turkey, UK and US) have addressed the issue of "how much" a trademark may differ from the representation in the register and still maintain protection. Some examples are; the identity of the mark should not be altered, the distinctive elements should not be changed, the "essence" of the trademark should be the same and the commercial impression created by the trademark should be the same as the registered trademark.

The Groups of Argentina, Germany and the Netherlands note that a case by case analysis must be made by the Courts in respect of how much a mark may differ from the registration and still being perceived as the same mark when used. The Chinese Group notes that guidelines from the trademark offices would be very helpful. The Mexican Group proposes that a specific analysis is made in relation to non-traditional trademarks such as sounds and olfactory trademarks.

Many of the National Groups have noted that it is important that the system is balanced so the trademark holder has some flexibility but at the same time the register is a

reliable representation of the trademark for third parties. The National Groups of Estonia and Republic of Korea point out that if the differences are small and of such nature that the average consumer would consider the mark the same as the registered trademark it should be possible to maintain the trademark. In this a suitable balance between ensuring reliability of the register and providing some flexibility for the trademark holder would be guaranteed.

The Panama Group is of the opinion that only insignificant discrepancies between the registered trademark and the trademark actually used should be allowed in order to maintain the registration of the trademark. No flexibility should be in the system as this would mean that the register is not accurate.

The Australian Group would welcome empirical research into the actual clutter of the Australian register.

The Swiss Group proposes that the AIPPI within a new question examines under what condition it is or should become possible to defend currently used trademarks using common elements of formerly used trademarks of the same owner so that such partial use of elements enjoys protection on a long-term perspective, even if the former trademarks have not been used for more than five years (legal problems of old marks in rebranding and/or modernisation exercises).

The French Group is indeed divided on the subject of whether or not the use of a trademark in modified form that does not alter its distinctiveness constitutes genuine use of this trademark when this modified form itself is registered as a trademark.

**18. *Should the requirement of genuine use deemed to be met if the use is limited to one product or service out of several registered? Is it in your opinion reasonable that a trademark holder can “block” an entire product category by using the mark for only one type of product within the category? If not, what kind of standard should be adopted?***

Many countries (Australia, Austria, Brazil, China, Czech Republic, France, Greece, Japan, Panama, Sweden and UK) are of the opinion that it is not reasonable that a trademark holder can block an entire product category by using the mark only for one type of product within that category. Some countries have added that it should be possible to partially cancel the trademark registration in relation to which those products (or services) not used under the trademark.

The UK Group expresses concerns as to over-wide specifications. The appropriate standard should be to limit the specification so that it reflects the circumstances of the particular trade and the way the average consumer would perceive the use.

Some Groups (i.a. the Thai Group) have suggested that use of one product/service should be sufficient to maintain a registration of the mark in relation not only to the said product/service but also other products/services of the same nature.

The Finish Group opposes that the registration should be partly cancelled when the trademark has only been used for one product or service out of several as the registration possibilities in practice would not be wider. This is due to the fact that the trademark holder of a partially cancelled trademark would in most cases be able to assert that any new trademark applied for in the same category is confusingly similar to the earlier trademark as the goods covered are similar. The Ukrainian Group appears to have a similar view.

The Latvian Group suggests that it should be allowed to block an entire product category although only using the trademark for one type of product within that category, as the trademark holder should have the possibility to expand its business to other products within the category. The Romanian Group seems to have a similar view on the basis of protecting consumers from confusion.

It appears that this question has been interpreted in different ways by the respondents, some have understood “product category” as international class headings, others have understood “product category” as “furniture” in relation to “chair” in the example given in the Working Guidelines. The interpretation has naturally had an impact on how the question whether it is reasonable that a trademark holder can “block” an entire product category by using the mark for only one type of product within the category, was replied to.

#### **19. *What would be a suitable grace period for genuine use?***

The overall impression is that the reporting National Groups are happy with the grace periods currently provided for in their respective country. The majority of the National Groups advocate the grace period currently applied in their respective country, so either three or five years as the case may be.

The Hungarian Group notes that although there is no reason at the moment to change the five-year period in Hungary, in the future there may be a reason to decrease the period to three years due to the acceleration of business processes.

Although appreciating the current five-year grace period the Polish Group suggests that a reduction of the grace period to three years should be discussed. The Group points out that a rapidly increasing number of trademarks on the market make the registration of new trademarks more and more difficult. Earlier trademarks are often not in use and only play a blocking role which creates conflicts. A shortening of the grace period would facilitate the cancellation of non-used trademarks, increase the pressure on trademark holders only to file registrations for such trademarks which they intend to use in the a predictable future and permit others to more easily register trademarks. The Spanish Group considers a grace period of five years suitable but appears to be open for a reduction to three years.

**20. What circumstances should justify non-use? Should different criteria apply for different industry sectors (e.g. pharmaceuticals and other industries where authorities typically require particular market approvals which could delay the use of a trademark)? Should the criteria be more stringent the longer the period of non-use is?**

Many of the Groups have suggested that justifiable circumstances should be circumstances outside or beyond the control of the trademark holder, circumstances not attributable to the trademark holder or circumstances independent of the will of the trademark holder. The Polish Group notes that if the grace period is shortened as suggested (please see above under question 19) then some “liberalisation” as to what reasons are justified would be reasonable. The Australian Group have proposed that the uniform rules include a non-exhaustive list of circumstances. The Swiss Group finds the criteria mentioned in TRIPs 19 (1) should define what justifies non-use.

The Groups are divided as to whether the criteria should be more stringent the longer the period of non-use. Some (the Groups in Australia, Austria, Mexico, the Netherlands, Peru, the Philippines, Republic of Korea, Slovenia, Turkey, UK and US) point out that if the reasons for non-use are justifiable it does not matter how long the period of non-use is, whereas others such as the Canadian and Finnish Groups have suggested that the criteria should be more stringent the longer the period of non-use. The Swiss Group seems to agree with the latter two Groups.

Most of the National Groups (e.g. in Austria, Canada, Estonia, Mexico, the Netherlands, Norway, Peru, Poland, Republic of Korea, Romania, Slovenia, Spain, Switzerland and UK) advocate that there should not be different criteria between industry sectors as such but it is necessary that there is flexibility when making a case by case assessment. The Spanish Group notes that it would be easier in e.g. the pharmaceutical sector to prove justifiable reasons for non-use due to the need of administrative authorisations, studies etc. than for other industry sectors.

The Finnish and the Ukrainian Groups believe it is justified to apply different criteria to e.g. the pharmaceutical sector as clinical tests and various market authorisations are required before a pharmaceutical is launched on the market. The Japanese Group suggests that if an application for marketing approval has been made (but not yet granted) a just cause for non-use should be deemed to exist. The Philippine Group suggests that the justifiable circumstances should be industry-specific as different industries encounter different difficulties or obstacles when putting the product or service on the market.

One issue that should be addressed by the uniform rules according to the Spanish and French Groups is whether the calculation of the grace period should restart or resume in a situation when use was interrupted due to a justified circumstance.

**21. Should any use of a trademark by entitled third parties be attributed to the proprietor? Should there be a difference between licensees and independent distributors and will registration of a license be necessary?**



The vast majority agree that trademark use by entitled parties should be attributed to the trademark proprietor. However, some countries (Austria, China, Hungary, the Netherlands, Norway and Poland) are of the opinion that it should suffice that the use is sanctioned by the trademark holder. Other National Groups (e.g. the Groups in Australia, Canada, Thailand (only for licensees) and US (only for licensees) consider some kind of control of the licensee or distributor necessary. The Spanish Group notes that this question needs to be clarified. The US Group suggests that oral or implied licensees should be recognized as valid if the trademark owner exercises proper control.

The Panama Group proposes that registered licensees' use should be attributed to the trademark proprietor whereas independent distributors' use should not unless the contract also involves a registered license.

The Singaporean Group suggests that whether licensee's use would be attributed to the trademark holder should be decided on a case by case basis but that the distributors' use always should be attributed to the holder.

The National Groups of Austria, Hungary, Japan, Mexico, the Netherlands, Norway, the Philippines, Poland, Singapore, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and US advocate that registration should not be necessary, whereas, the Greek Group suggests that registration of the license should be compulsory.

## **22. *Should there be an exception from the genuine use requirement in some cases?***

The Australian Group has proposed that an exception should be made for "defensive trademark registrations" i.e. a registration made without any intention to use the mark. Under Australian law an applicant of a defensive trademark must be able to show that the applicant's registered trademark has been so extensively used in relation to the foods and services for which it is registered, that its use in relation to other goods or services will be taken to indicate that there is a connection between those other goods and services and the applicant. The Japanese Group pointed out that under Japanese law there is such "defensive trademark registrations". The Polish Group has discussed whether such an exception would be reasonable but seems to come to the conclusion that famous and well-known trademarks may be sufficiently protected by the already existing specific provisions on well-known marks, marks with a reputation or bad faith.

The Chinese Group suggests that famous or well-known trademarks may be exempted from the genuine use requirement but at the same time notes that this issue is complex and it would be difficult to decide which trademarks would qualify for such an exception.

The Mexican Group proposes that trademarks for major artistic or sport events (such as Olympic Games, World Cups and Opera Festivals) are excepted from the requirement of genuine use, as such trademarks typically will have to be applied for long in advance of the event and actual use normally begins within a short period of time before the opening of the event. Although the Romanian Group discusses exemptions for major

sport events, it appears that the Group prefers not to have the trademark laws amended in this regard.

The National Groups of Austria, Canada, Estonia, France, Greece, Hungary, Indonesia, Italy, Latvia, Peru, the Philippines, Portugal, Republic of Korea, Singapore, Spain, Sweden, Switzerland, Turkey and Ukraine find no reasons to adopt any exceptions except for those justifiable circumstances for non-use discussed above under question 20.

**23. *Should there be uniform rules addressing the issue whether the cancelled trademark should be eligible for re-registration immediately upon the cancellation decision? Should other parties' interests than those of the new registrant be taken into account, e.g. consumers' interests in avoiding confusion as to the nature and quality of goods and services that might be expected under a particular mark?***

Some of the National Groups (Australia, China, Czech Republic, Latvia, Mexico, the Netherlands, Portugal, Switzerland, Ukraine, UK and US) prefer not to have any particular uniform rules addressing the re-registration issue.

Others Groups (the Austrian, Greek, Indonesia, Norwegian, Panama Groups, Republic of Korea, Romania, Slovenia and Turkey) have expressed a wish for uniform rules in this respect.

The Japanese Group suggests that problems associated with the immediate re-registration should be addressed by unfair competition law.

### **III. Conclusions**

It follows from the Group Reports that adoption of uniform rules is in principle desirable. As the terminology varies from country to country it will be important to initially define in the Resolution that genuine use means such use which is required to maintain protection of a trademark. The Group Reports show that the Groups have different opinions on the purpose of the genuine use requirement. This issue needs to be debated in the Working Committee as it will be the basis for resolving other issues of Q218.

There is large consensus that it is not appropriate to set a fixed *de minimis* rule for the genuine use requirement. Whether the requirement of genuine use is met should be determined on a case by case basis and all circumstances of the case should be taken into account. Some of the countries have suggested that guidelines for directing the assessment would be helpful but as the contents of such guidelines have not been elaborated in the Group Reports it would be difficult for the Working Committee to outline any guidelines on the matter.

Further, there is a large consensus that a registered figurative trademark may differ to some extent from the representation in the register and still maintain protection. However, there are different approaches as to which alterations are acceptable; the identity of the trademark should not be altered, the distinctive elements of the trademark should not be changed, the “essence” of the trademark should be the same and the commercial impression created by the trademark should be the same as the representation in the register. To define and to describe “how much” a trademark may differ from the representation in the register is thus one important point to be addressed by the Working Committee.

There is no clear consensus from the Group Reports whether the requirement of genuine use should be deemed to be met if use is limited to one product of service out of several registered products and services. Many groups are of the opinion that a trademark holder should not be able to “block” an entire product category by using only one type of product within the category whereas other groups hold the opposite view. This issue is thus another issue to be debated in the Working Committee.

Although there is a clear consensus that in some circumstances the trademark holder should be excused for not having put the mark to use, there are different suggestions on how to define circumstances justifying non-use including; circumstances outside or beyond the control of the trademark holder, circumstances not attributable to the trademark holder, circumstances independent of the will of the trademark holder, etc. The vast majority of the Groups do not see any room for adopting additional exceptions from the genuine use requirement. This issue is also one to be discussed in the Working Committee.

There is a clear consensus that trademark use by a licensor should be attributable to the trademark holder and no registration of the license should be necessary. But the reporting Groups are divided as to whether the trademark holder should exercise some kind of control over the licensor. Further, there is no clear consensus on whether the use by distributors should be attributable to the trademark holder. These points will also have to be debated in the Working Committee.

There is no consensus on whether to adopt uniform rules on the question of re-registration of cancelled trademarks or whose interests should be taken into account when outlining the rules in the event that uniform rules are adopted.