

## **QUESTION 95**

### **Non confusing use of another's trademark**

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Q95

#### **Question Q95**

#### **Non Confusing use of another's Trademark**

##### **Resolution**

AIPPI considers that:

Under trade mark law the owner of a trade mark has the exclusive right to use his mark to identify his goods and services and their origin. This right is protected by trade mark law against the commercial use of the mark by others, if the use (regarding the mark and the goods and services for which it is registered) is likely to deceive or to cause confusion. Trade mark laws in general do not inhibit the non-confusing use of another's trade mark.

However, there are cases in which the reference to the trade mark may not reasonably be construed as indicating the origin of the goods or services but still may harm the interests of the trade mark owner, e.g. the distinctiveness of his mark or the good will as symbolized by the mark.

Some of these cases have been known for some time. However, new forms of trading on the good will of the owners of trade marks by non-confusing use have created the need for relief.

AIPPI believes that there are thus three questions to be considered:

- (1) whether the trade mark owner should be entitled to relief against non-confusing use,
- (2) whether such relief should be provided for under the trade mark law, under the laws against unfair competition (including consumer protection laws, market laws etc.) or by way of other laws, e.g. by civil law; and
- (3) whether the creation of specific rights is recommended.

## **I. Use of the trade mark by non-traders**

### **1. Use of a trade mark by consumer organisations**

AIPPI considers that:

- Any consumer organisation should be free to refer to the mark in order to identify the goods or services which are the subject of its test results. The public is entitled to such information and there is, in most cases, no other way of identifying the tested goods or services without using their trade marks. Comparative testing is likely to foster competition and to strengthen the quality of goods or services and to promote the transparency of the market. AIPPI affirms the right to criticise and inform.

AIPPI is of the opinion that:

- The reference to the tested goods and services by way of their trade mark should not be prohibited by trade mark law.
- If the consumer organization publishes test results, which are wrong, biased or otherwise harmful to the legitimate interests of a trade mark proprietor, the appropriate laws (for example defamation) should give protection.
- These types of cases may rest on a variety of facts which preclude a specific rule which could be applicable to all such cases.

### **2. Generic use of a trade mark**

AIPPI considers that:

The citation of a trade mark in publications, which refer to the mark by implying that it is a generic term or word of the language, may contribute to a process in which the trade mark loses its distinctive character. Such use is harmful to the mark in that it diminishes the distinctiveness of the mark and endangers the validity of any registration of or the ability to protect the mark.

AIPPI is of the opinion that:

- The trade mark owner should be protected against such generic use in dictionaries, encyclopaedias and similar works of reference; such works of reference by the public and by trade mark offices. As these works are perceived to be based on careful research they should make it clear whether a certain term is a registered trade mark.
- This protection should be granted by trade mark law. Although such references are harmful to the interests of the owner in a way other than the usual case of trade mark infringement, the remedies against such use are more appropriate in the context of trademark law, where relief can be obtained without proof of intent or negligence.
- Effective relief should be available against the publisher and the author, where appropriate, including the right of the trade mark owner to demand a printed correction.

AIPPI furthermore considers that:

The use of the mark as a generic term or a word of the language in other types of publications, e.g. in newspapers, on radio, on television or in the general literature, may equally severely harm the interests of the trade mark owner.

AIPPI is of the opinion:

- The trade mark owner should be entitled to effective legal remedies against such use.
- The specific legal remedies and the rules under which they are provided should be left to the national legislation.

## **II. Use of the trade mark by a competitor**

### **1. Use of a trade mark in comparative advertising**

AIPPI believes that:

- A competitor who compares his own goods or services with those marked with a registered trade mark does not use that mark to identify his own goods or services or their origin. Therefore, trade mark law should not be applicable.

AIPPI is of the opinion that:

- If comparative advertising is permitted, the use of the trade mark of a third party should not be prohibited in such advertising, provided such advertising is truthful and not misleading or unfair.
- Any comparative advertising which is untruthful or misleading or unfair, should be prohibited under the laws against unfair competition.

### **2. Use of a trade mark to identify the destination of the goods**

AIPPI is of the opinion that:

- The owner of a trade mark should not be entitled to prevent the use of his trade mark by the supplier of non-original spare parts and accessories (i.e. those not produced by the trade mark owner or his licensee) to indicate the trade mark of the products for which the spare parts or accessories are intended; provided that he makes it completely clear that he is not selling original spare parts or accessories.
- Confusion is especially difficult to avoid if the trade mark is a design or logo. Moreover, use of any trademark on the spare parts or accessories themselves would be likely to cause a substantial risk of confusion even if explanatory text is added.
- In any event the suppliers of the spare parts or accessories should use the trade mark only to an extent which is reasonably necessary to indicate the destination of the spare parts or accessories. Moreover, the supplier must avoid the impression that he is a dealer authorised by the trade mark owner.

### **3. Use of a trade mark for repaired or altered products**

AIPPI is of the opinion that:

- The owner of the trade mark has the exclusive right to put the goods to which his mark is affixed into the market. Once the owner or his licensee have put them into the market, the owner normally cannot prohibit their resale.
- A retailer should be free to resell the goods with the affixed trade mark. He may also use the trade mark for marketing purposes.
- The retailer should not mislead the public, e.g. by wrongly creating the impression that he is a dealer authorized by the trade mark owner.
- If the goods are repaired or altered before they are resold, different cases should be distinguished:
  - (1) A normal repair, after which the goods are sold as second hand, does not constitute a "re-entry" into the market. Therefore, the trade mark owner may not use his trade mark rights to prevent this.
  - (2) The sale of repaired goods as „new“ will normally violate the trade mark right, since the impression is created that they have been produced as they are by the trade mark owner. Thus a situation similar to the entry into the market is created and trade mark law should apply.
  - (3) The trade mark right is clearly violated if the goods are significantly changed as to quality or appearance and if they are then sold. In this case, there is in fact an entry of different goods under the mark into the market.
- Trade mark laws should cover the cases (2) and (3). Moreover, other laws e.g. laws against unfair competition should apply, particularly if the public is misled.

### **III. Commercial use of the trade mark by a non-competitor**

#### **1. Use of a trade mark as a general standard in respect of quality.**

AIPPI considers that:

- An enterprise citing a well-known trade mark as a quality standard for non-competing goods („the Rolls-Royce of bicycles“) may create a danger of confusion. Such citation may also take an unfair advantage of or be detrimental to the distinctive character or the repute of the trade mark.

AIPPI is of the opinion that:

- If the compared goods are close enough, there could be a risk that the public would assume that the trade mark owner has some connection with the advertised goods and therefore confusion as to source could arise.
- If the citation as a quality standard refers to goods that are quite disparate, so that the public is not likely to believe that the trade mark owner is commercially active in the field („The Rolls-Royce of cheese“), it should nevertheless be regarded as an act that would take unfair advantage of or be detrimental to the distinctive character or the repute of the trade mark.
- In the latter case the following rule inspired by Art. 5 (5) of the EEC Trade Mark Directive could be adopted:

The proprietor of a trade mark shall, in addition to his traditional trade mark infringement rights, be entitled to prevent third parties not having his consent from using any sign which is identical with, or similar to, the trade mark also for purposes other than to distinguish his goods or services, where such use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

- This rule will usually be applicable in those instances where the trade marks involved have a high reputation or are well known.
- The rule also applies, if the nature of the goods referred to by the sign has an adverse effect on the reputation of the trade mark.

## 2. Use of the trade mark of the material for the marking of finished goods.

AIPPI considers that:

- It is customary for some finished goods to carry an indication regarding the branded material from which they are produced. This information is often valuable for the public, especially when the branded material has certain qualities which might affect the use of the finished goods.
- Such information of fact is in keeping with the right of the consumer to have such information and does not violate the owner's trade mark rights, provided that such use is not made in a way which misleads the consumer into believing that the mark is the brand of the finished goods.

AIPPI is of the opinion that:

- It should normally be possible for the manufacturer who produces finished goods principally from a material identified by a trade mark, to make use of that mark in connection with the sale of his goods as an indication regarding the material.
- The mark should not be used to identify the finished goods themselves.
- The mark should neither be used in a generic sense regarding the branded material nor in a misleading way.

## **IV. General Rules**

a) AIPPI affirms that:

- The rule proposed under III 1 should apply to all cases in which the citation of the trade mark is taking unfair advantage of or is determined to the distinctive character or the repute of the trade mark.

b) AIPPI is of the opinion that:

- Similar rules should be applicable to service marks duly taking into account the inherent differences resulting from the nature of service marks.

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