

Summary Report



Question Q195

Limitations of the Trademark Protection

This Question considers the limitations of trademark protection in a wide variety of countries. Its particular focus is descriptive use of trademarks by persons other than the proprietor and the ways in which this is permitted (or prohibited) by statute and jurisprudence. This question also seeks to examine national legislation and case law in relation to a statutory defence for a prior user against a later trade mark right.

The Reporter General has received 42 Group Reports from the following countries (in alphabetical order): Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Indonesia, Italy, Japan, Latvia, Luxembourg, Malaysia, Mexico, the Netherlands, Paraguay, Peru, the Philippines, Republic of Korea, Romania, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom and United States of America.

The Reports provide a comprehensive review of the limitations imposed on trademark protection under national trademark laws. This Summary Report cannot attempt to reproduce the detailed rules explained by each Group or carefully-selected examples used to illustrate those rules in practice. It may also be the case that particular words and phrases which have a specific meaning in their original language cannot be translated fully. If any doubt exists as to the exact position in a particular jurisdiction, reference should be made to the original Reports.

1) Analysis of Current Law

- 1) *Are there statutory limitations of trademark rights in your trademark law? If so, which ones? If not, have similar concepts been developed in case law?*

Groups understood this question in different ways. Some Groups focussed primarily on the statutory limitations imposed upon the types of trademarks that may be registered under their national laws (e.g. the Egyptian and US Groups), whilst others provided details of the limitations on the way in which trademarks may be asserted. Many Groups included an analysis of both types of limitation.

The Argentinean Group and the Paraguayan Group stated that there were no statutory limitations of trademark rights under their national laws. The Argentinean courts have held that certain uses of a proprietor's trademark are permissible, however, including use of a proprietor's mark by retailers and distributors etc., and use of a mark to indicate product compatibility. The MERCOSUR Protocol (a regional instrument currently in force in Paraguay and Uruguay) prohibits a trademark owner from preventing a third party from using his mark to provide information about the application or compatibility etc. of the goods or services being offered by that third party.

Most Groups reported that there were statutory limitations of trademark rights under their national laws. The majority of these limitations mean that a trademark owner may not prevent a third party from using his mark (in the course of trade) in order to indicate the kind of product being offered, its geographical origins and intended use etc.

The Chinese Group noted that as a Member State of TRIPS, China followed the limitations of trademark rights prescribed by Article 17 TRIPS. Where a trademark contained the generic name, shape or model of the goods for which it was registered, or contained “descriptive” indications as to the features of those goods, the mark’s owner was not entitled to prohibit third parties from using it.

The Japanese Group reported that where a trademark right conflicted with another person’s patent, utility model, copyright or design right (accrued prior to the filing of the trademark application), the trademark owner was not entitled to use the registered trademark in relation to the particular part of the goods or services that gave rise to the conflict.

The Indonesian Group reported that its trademark laws did not provide any definite limitations of trademark rights as was the case, for example, under Article 17 TRIPS, Article 12 of the Community Trademark Regulation or Article 6 of the Trademark Directive. Limitation of trademark rights only took the form of the types of trademarks that could be registered in Indonesia.

The Swiss Group (in addition to noting other limitations of trademark rights - e.g. non-use, prior user rights, reproduction of marks in reference works, informative use of a mark as an indication of product compatibility, location etc.) reported that if a registered trademark contained elements that were also in the public domain, the owner of the mark could not prohibit a third party from using those elements.

- 2) *If descriptive use defences are recognised under your trademark law, what is descriptive use and what types of descriptive use defences are recognised?*

The majority of the Groups reported that descriptive uses defences were recognised in their jurisdiction (either through statutory measures or doctrine and jurisprudence), with a large number referring back to their answers for Question 1. Descriptive uses of another person’s trademark were generally permitted in certain circumstances. These circumstances usually included use in order to make indications concerning the kind, quality, intended purpose, value, geographical origin, value etc. of goods or services. Many Groups noted that there was a requirement for such use to be “bona fide” or in accordance with “honest” practices (the US Group described the requirements of a “fair use” defence). Several Groups reported that trademarks consisting exclusively of signs designating characteristics of goods or services were not registrable.

The Chinese, Egyptian, Mexican, and Russian Groups noted that the concept of descriptive use was not established or recognised under existing national laws. The Paraguayan Group reported that whilst its national laws did not provide a specific descriptive use defence, the MERCOSUR Protocol recognises certain types of descriptive use (as described in Question 1, above). The Swiss and French Groups noted that whilst the term or concept of “descriptive use” as such was not known in their countries, their national laws recognise a number of limitations of trademark protection which in effect amount to defences for descriptive, informative, decorative or other non-trademark uses.

- 3) *Is use of one’s own name permissible under your trademark law? If so, under which circumstances? Specifically, may anyone use his or her name as a trademark?*

Most Groups reported that it was generally possible to use one’s own name under national trademark legislation. The right to use one’s name was not absolute, however, even in countries whose constitutions guarantee individuals the “right” to bear a name, such as Hungary and Germany. The overwhelming majority of Groups noted that such use had to be “bona fide” or in accordance with honest commercial practices. If the use of a person’s name was likely to cause confusion with an earlier registered mark, it would not be permitted. Alternatively, the French Group reported that distinctive elements had to be added to exclude likelihood of confusion. The use of one’s own name was also subject to the limitations

described in Question 1 (e.g. no right to prevent third parties from using their own names (though pseudonyms might be prohibited, according to the Italian Group) and addresses in the course of trade). Several Groups noted that the name would have to be “registrable” (e.g. have distinctive features etc.) in order to be used as a trademark.

The Argentinean and Brazilian Groups noted that it was not possible to register a person’s name as a trademark without having obtained his consent. In Canada, the name or surname of an individual is not registrable unless it has been used in Canada so as to have become distinctive as of the filing date.

The Latvian Group noted that use of one’s own name would not prevent a third party from asserting earlier rights prohibiting such use. Earlier rights that might be invoked against the registration of one’s own name included the rights pertaining to the name of a person well-known to the general public (unless such person had been dead for fifty or more years).

In Malaysia, it is possible to register the name of a person, but the name must be that of a genuine person and must be the “whole” name of such person, rather than merely part of it. The name must also be represented in a special or particular manner.

In Australia, the “own name” defence extends to the use of abbreviations of a person or a corporation’s name, but is unlikely to extend to a nickname.

- 4) *Is a company entitled to make use of the “own name” defence? Specifically, is the “own name” defence only available to a company whose name includes a surname (e.g. William Smith Limited)? How are conflicts between the company’s use of its “own name” and confusingly similar trademarks resolved?*

This question was understood in different ways and provoked a variety of responses.

Most Groups reported that a company was not entitled to use the “own name” defence when the name in question had already been registered as a trademark for the same class of goods or services by a third party. The fact that the name included a surname would not change this situation. Where a general “own name” defence was available, however, it was usually available regardless of whether the “own name” included a surname. Conflicts between a company’s use of its “own name” and confusingly similar trademarks was normally resolved on the basis of priority (though issues surrounding the “bona fide” or “honest” use of a company’s name might also be taken into consideration).

Several Groups reported that company names were subject to a separate regime under their national laws. The Danish Group, for example, noted that whilst the right to an “own name” defence did exist in its jurisdiction (it was of no importance whether the name included a first name or surname), it was applicable only where a likelihood of confusion between two marks existed. It noted that a company name had to be registered at the Danish Companies Registry, but that it could not include an earlier registered trademark. A trademark, on the other hand, could not include an earlier registered company name. A company name not registered as a trademark could be prohibited by the owner of a prior trademark where such name came within the scope of protection of that prior trademark.

The Greek Group reported that it would be “exceptional” for the “own name” defence to be permitted where a company name constituted a first name rather than a surname, though it was conceivable where the “first name” could identify the enterprise to consumers. The South African Group, on the other hand, reported that there was no requirement under its national laws that a company name had to consist of a conventional personal name and surname.

The Canadian and Italian Groups reported that, according to case law, the “own name” defence was not available to companies (regardless of whether a surname was included in the name), but only to individuals using their name in their business in accordance with honest practices and where no likelihood of confusion existed. In Germany, the “right of personality”

is enshrined in the constitution. This means that a company name derived from the name of an individual (even if this is a *former* owner of the company) might qualify for protection under the “own name” defence (case law is split as to whether both first name *and* surname or whether surname alone will gain protection). The Hungarian Group reported that only natural persons could rely on their own names against a trademark proprietor, but that the owner of a commercial name could rely on such name if it was identical to his “natural person” name.

The Paraguayan Group reported that national jurisprudence suggested that “own names” would not be accepted as part of a trade name where an “own name” already formed part of a well-known mark or trade name.

The Swiss Group reported that if a “senior” company name clashed with a “junior” trademark (i.e. the company name was registered before the trademark) and both consisted of the same or similar names of individuals, trademark law would not apply, but rather unfair competition law and specific provisions regarding the protection of names.

There is no special protection or defence for a company using its “own name” in the USA or Georgia. General trademark law will be applied to a situation involving a confusing use of corporate names.

- 5) *Is the use of indications concerning the characteristics of the goods or services including the kind, quality, value, geographical origin or time of production of goods permissible under your trademark law?*

Most Groups reported that a trademark registration would normally be refused if a mark consisted exclusively of indications concerning the characteristics of the goods or services as outlined in Question 5 (although several noted that this situation could be overcome if the trademark had acquired a distinctive character through use).

Many Groups referred back to the answers they had provided as part of Questions 1 and 2. The overwhelming majority of the Groups stated that, generally, a registered trademark would not be infringed by a third party’s use of a “bona fide” description or indication of the kind, quality, value, geographical origin or time of production of goods. Such use had to be in accordance with honest commercial practices (and, in certain jurisdictions, should not cause a likelihood of confusion).

- 6) *Is the use of another’s mark to indicate product compatibility permissible under your trademark law? If so, under what circumstances? Is only the use of another’s word mark in ordinary script or neutral letters permissible or also the use of another’s logo or special script format of the mark?*

Most Groups reported that use of another’s mark to indicate product compatibility was permissible under their trademark laws. Such use normally had to be “bona fide” or in accordance with honest commercial practice and should not suggest that the compatible product originated from the mark owner or that the advertiser was authorised by, or commercially linked to, the mark owner. Some Groups (most EU Member State Groups, Indonesia, Malaysia, South Africa, Switzerland) also noted that the use of a mark to indicate product compatibility had to be necessary in the circumstances. The French Group emphasised that the French courts have construed this latter requirement in a very restrictive manner to the extent that only oral use of the mark was considered necessary. The Argentinean and South African Groups suggested that the display of another person’s mark should not be unduly prominent.

Some Groups (Australia, Austria, Belgium, Chile, Denmark, Finland, Mexico, the Netherlands, the Republic of Korea, South Africa, Switzerland) felt that the use of another person’s mark with neutral letters was permissible, but that use of another person’s logo or special script format would not be in accordance with honest business practices (it might give

the impression that a commercial connection exists between the third party and the mark owner, for example) and would therefore not be allowed. Others (Brazil, Georgia, Italy, Malaysia) reported that use was not necessarily limited to ordinary script and that use of another person's logo or special script format was also permitted (provided, in some jurisdictions, that such use observed fair competition principles and was reasonably necessary to indicate product compatibility etc.). The Canadian Group noted that use of the special script could be found to be an infringement of copyright in the design of the script of the mark.

The UK Group noted that there was no law stating that only words in ordinary script and not special script or logos could be taken, but that the way in which the mark was displayed by the third party would be a factor in considering whether use of the mark was necessary and in accordance with honest practices.

The Chinese Group reported that there was no mention of this issue in existing national laws. It noted, however, that where another person's trademark is displayed prominently or exaggeratedly on product packaging to emphasise compatibility and where this may cause confusion in consumers, the trade authorities might take action to prohibit such use.

The Japanese Group reported that although its trademark laws contained no explicit provisions on this issue, the use of another's mark to indicate product compatibility had been permitted by Japanese judges.

The Philippines Group reported that whilst its national code was silent on this particular issue, it would appear that, provided a proprietor's rights are not violated, his mark may be used to indicate product compatibility. Philippines trade mark law did not distinguish between 'clearly illicit' use of marks and use of marks for product compatibility purposes, however. Unless the consent of the mark's owner is obtained and/or use of the mark will not result in confusion among customers or prejudice the mark owner's business, the owner of a registered trademark will have a cause of action against all forms of unauthorised commercial use of that mark.

The Romanian Group reported that this issue was not explicitly dealt with under its national laws, but that the only situation in which use of another's mark (without his permission) was accepted was in order to indicate the intended purpose of the product (in particular for accessories or spare parts).

7) *Is decorative use of another's mark permissible under your trademark law? If so, under what circumstances?*

Many Groups noted that there were no express statutory provisions covering this topic in their national laws. As such, in any assessment of whether decorative use would constitute trademark infringement, the usual national tests or criteria would be applied.

Many EU Member State Groups (Austria, Belgium, Denmark, Finland, Germany, the Netherlands, Spain) and the Canadian Group reported that their national laws did not exclude decorative use of a trademark by a third party. The Danish Group suggested that use in a clearly decorative manner was likely to be permissible, but felt that it was difficult to define when such use would be decorative. In Finland and Germany, decorative use might be possible for goods that were not identical or similar to goods already protected by a trademark (though if a mark was well-known, its owner could even prohibit use in connection with goods not covered by his registration). The Dutch Group took a similar line, noting that case law suggested that a trademark proprietor could not sue a third party for infringement if the public did not make a connection between the sign (as used by the third party) and the trademark. In the event that a link between the two marks was established, decorative use would be prohibited where such use would lead to an unfair advantage or damage to or dilution of the trademark. The Swedish Group suggested that a "decorative use" defence

would not be accepted by a court where the use might lead to confusion or where there was an element of unfair advantage. The UK Group believed that where a third party's sign was perceived by the public purely as decoration, there would also be no likelihood of confusion between that sign and a registered trademark and thus no infringement of that trademark.

The Bulgarian and Georgian Groups reported that if the decorative use fell within one of the exemptions allowed by trademark law (e.g. those covered in some of the preceding Questions), it would be permissible. In Italy, use of a trademark for decorative purposes is allowed if the average consumer perceives the sign as a "mere embellishment" on the product. Where the sign is regarded as an attempt to make the consumer recall the original trademark, the use is likely to amount to trademark infringement.

The Japanese Group reported that although its trademark laws contained no explicit provisions on this issue, decorative use of another's mark had been permitted by Japanese judges. The French Group took the same view, but pointed to more recent case law which has applied the decorative use defence in a more restrictive manner.

Decorative use of another's mark in the course of trade is generally not permissible in Argentina, Brazil, Chile, China, Egypt, Mexico, Paraguay, Romania and Russia (though the Brazilian Group noted that such use could be allowed if it did not constitute a "parasitic" advantage to the user and did not dilute the trademark). In the USA, there is no general exception to trademark infringement based on "decorative use" of a trademark, though certain uses of such a mark may be permissible as a parody.

- 8) *Is use of descriptive terms permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition? If descriptive use of another's mark is only permissible if it is in accordance with honest or fair practices, what are typical examples of use which are not in accordance with honest or fair practices?*

The majority of the Groups reported that the use of descriptive terms needed to be in good faith or in accordance with honest or fair practices and should not constitute unfair competition.

The Egyptian Group noted that the only prohibition relating to use of descriptive terms concerned circumstances where such use was designed to divert the consumer from the product of the original trademark owner - deemed an anti-competitive practice under national laws.

The Groups provided a wide variety of examples of use not in accordance with honest or fair practices. These included:

- overly-prominent display of a mark (particularly in comparison to the display of a third party's own mark or name);
- use of another's mark in a manner that suggested the existence of a commercial link between a third party and the proprietor of the mark or that suggested that the goods or services were provided by the proprietor or authorised or monitored by him (i.e. use that could cause confusion among the public);
- use of another's mark by a distributor or licensee in a manner that misrepresented the distributor or licensee as exclusive;
- use of another's mark as a descriptive word where it was not absolutely necessary to describe a third party's own goods or services, possibly with the aim of encouraging an association between the marks or exploiting the reputation of another's mark;
- use of another's mark that affected the value of such mark (e.g. has the effect of diluting or causing damage to the mark).

- 9) *Do the above mentioned types of descriptive use constitute limitations of trademark rights because they would not be regarded as "use as a mark" or are they specifically exempted regardless of whether trademark use is involved?*

This issue appears to have caused some confusion. Many of the Groups did not provide an answer to the exact questions posed, whilst others noted that their jurisprudence or national laws were not precise on this subject. The Groups that answered the Question were fairly evenly split in their responses.

The Brazilian, Hungarian, Mexican, Paraguayan, Romanian, South African, Spanish, Swedish and UK Groups reported that the types of descriptive use they had analysed were specifically exempted, regardless of whether such use was "use as a mark". Some Groups noted that descriptive use should not be considered as a limitation of trademark rights.

The Chilean, Chinese, Estonian, Finnish, Georgian, Greek, Korean, Latvian and Malaysian Groups noted that the types of descriptive use they had analysed constituted limitations of trademark rights because they would not be regarded as "use as a mark".

The Dutch Group noted that the distinction made in the Question between "use as a mark" and uses that were not "as a mark" was somewhat confusing, since ECJ case law did not clearly make this distinction when establishing trademark infringement. It stated that the limitations it had discussed were limitations to the exercising of rights by a trademark holder. The exemptions applied to cases where, without the existence of such exemptions, there would be trademark infringement, regardless of whether the signs were used by third parties "as a mark".

The Austrian Group reported that the descriptive use exemptions in its statutes were not defined as not being "use as a mark". Case law suggested, however, that once such use could be seen as "use of a mark", the exemptions would not apply.

- 10) *If your trademark law recognizes other types of descriptive use defences which have not been discussed above, please explain.*

Several Groups (Brazil, Denmark, Germany, Switzerland) reported that non-commercial use of a trademark which did not affect its distinctive character - e.g. as citation in speeches, scientific or literary work or other publication - was permissible. The Belgian, German and Swiss Groups noted that the use of trademark as a generic name in a dictionary, encyclopaedia or reference book could be opposed by a trademark proprietor, who could demand that a reference to the trademark's protection was added to the citation (or would be added in future editions).

Trademark laws in Egypt recognize descriptive use defences where the mark used is a composite mark (e.g. composed of two words, one of which is descriptive).

In Finland, parody can be a descriptive use defence, whilst in the UK, the use of mark in a particular locality or use of earlier right can be a defence. Actions for trademark infringement were often brought in combination with actions for the common law offence of "passing off". At common law, defences of descriptive use or genericism could be raised.

The South African Group noted that a registered trademark would not be infringed by a "bona fide" use of any utilitarian features embodied in a shape, colour or pattern etc. that is registered as a mark. In order to rely on this exclusion, a third party would have to demonstrate that the particular feature of the shape etc. being used does, in fact, have a utilitarian function that necessitates the use of such feature.

The Singapore Group noted that the use of a registered trademark by a third party would not infringe that mark if it constituted 'fair use' in comparative commercial advertising or promotion.

U.S. law recognizes “nominative fair use”: the use by a third party of proprietor’s trademark to identify that proprietor’s goods or services in some sort of discussion featuring him or his goods and services, rather than the third party’s goods or services. Nominative fair use may be permissible when there is no other reasonable way to refer to the proprietor’s product other than through use of his trademark and is generally not an infringement so long as there is no likelihood of confusion to consumers.

11) *Does your trademark law provide for a prior user right/defence? If so, under what circumstances?*

This question sought to examine national legislation and case law in relation to a statutory defence for a prior user against a later trade mark right. All Groups except Bulgaria and Chile reported that prior user rights or defences existed within their jurisdictions, if not through statute then through jurisprudence. However, a statutory defence for a prior user against a later trade mark right, as it is known in patent law, only seems to exist in Switzerland and in the Philippines. In all other cases, a prior user must establish that he has acquired a right based on his use of the mark (either registered or unregistered) prior to the registration of the later trade mark. The majority of these Groups stated that a trademark proprietor would probably not be entitled to prevent a third party from using a sign similar or identical to his own (in relation to similar or identical goods) where the third party had been continuously using that sign before the application for registration was made or prior to the proprietor’s use of the trademark.

Several Groups (Brazil, Finland, Sweden) reported that their national laws prevented a mark from being registered if it was liable to be confused with a sign used by another party for his own goods or services at the time of the application and if the applicant had not used his own mark before the other sign came into use.

Argentinean, Georgian and Dutch trademark law did not provide for a prior user right/defence. Rights over a mark are achieved through registration and the “first to file” rule applies. In some cases, however, the courts had acknowledged prior user rights. The circumstances in which such rights could be enforced varied, but included the extent of the use (in terms of quantity, time and territory) and the recognition achieved by the mark. The Dutch Group noted that prior users did have recourse to some rights/defences, most of which involved asserting that a later registration had been made in bad faith.

The Danish, German, Italian, Japanese, Malaysian and Romanian Groups reported that a trademark right could be established or accrued by the use (in the course of trade) of a sign for goods or services, provided that this use was continuous and that the sign had acquired prominence as a trademark amongst consumers (one example cited was a “well-known” trademark within the meaning of the Paris Convention). There were few express legal conditions cited regarding the period of time or the extension of use: the specific product and the relevant public normally had to be considered in each case (the German Group did, however, suggest that “prominence” would be established if roughly 20% of the relevant trade circles considered the sign as an indication of origin).

The Italian Group reported that if an unregistered mark was perceived as an indication of the origin of the goods in a relevant *local* market only, the prior user could continue to use the unregistered sign locally only. The Greek and UK Groups reported a similar protection under their national laws, stating that a trademark owner was not entitled to prohibit a third party from using an earlier right only applying to a particular locality.

Egyptian trademark law provides that a person with a prior use of a mark may dispute and request cancellation of an identical or similar registered trademark within five years of registration. Several Groups reported that their trademark laws contained similar provisions.

- 12) *If your trademark law provides for other limitations of trademark rights which have not been discussed above, please explain.*

Several Groups (Brazil, Italy, Mexico) reported that limitations of trademark rights were to be found in national laws that did not deal specifically with trademarks (e.g. consumer protection and anti-trust laws, as well as constitutional/freedom of expression laws).

The Swiss Group noted that a registered trademark was only protected if used in connection with the goods and services claimed. If the owner had not used the mark for an uninterrupted period of five years, he could no longer claim rights in his trademark. Some Groups (notably Japan) discussed limitations of trademark rights arising from procedural or administrative points (e.g. issues surrounding registration, cancellation, invalidation etc.). The Malaysian Group pointed out that if a trademark owner consented to the use of his mark by a third party, his rights in relation to that third party's use would be limited. The French Group noted that the trademark owner could not prevent the use of his mark on goods in transit or on goods sold on a website if the website is not accessible in France.

Several Groups (Egypt, Latvia, Malaysia, Mexico, USA) raised the issue of parallel imports/exhaustion of rights.

II) Proposals for adoption of uniform rules

- 1) *Should descriptive use of another's trademark be permissible? If so, under what circumstances? Should descriptive use of another's trademark be permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition?*

The majority of the Groups believed that whilst trademark owners should be protected by national laws through the grant of exclusive rights in relation to their mark, legitimate descriptive use by a third would not impair the main function of the mark or cause damage to its proprietor. Requiring a third party to gain a trademark owner's consent to the descriptive use of a mark would impose too high a burden on that third party (the German Group pointed out that without descriptive use, the free movement of goods and the freedom to provide services in the Common Market would be unreasonably restricted). Almost all Groups suggested that descriptive use should therefore be permissible, but only in accordance with honest or fair practices and only where such use would not constitute unfair competition. Many Groups were satisfied with their existing national regimes governing descriptive use and its limitations.

The Argentinean, Finnish, Italian, Paraguayan, Swedish and Swiss Groups suggested that use of another's trademark should only be permissible to the extent that it is necessary to describe the goods or services of a party other than the trademark owner (e.g. to indicate product compatibility or in the case of retailers, wholesalers, persons offering repair, maintenance or installation services). Such use should not confuse or mislead consumers as to the true origin of the goods and there should be no misrepresentation of an association with or an endorsement by the trademark owner. Descriptive use should only be permissible in accordance with honest or fair practices and should not constitute unfair competition. Use should not affect the value of the trademark by taking unfair advantage of its distinctive character, nor should it result in the dilution or denigration of the mark. The Chinese Group suggested that the descriptive use of another's trademark should be allowed subject to the condition of "proper use", which it defined using standards similar to those outlined above. The US Group noted that descriptive use should only be permitted in narrow circumstances where it serves a "laudatory legal policy" and does not cause confusion as to source.

The Japanese Group suggested that descriptive use of another's trademark should be permissible under certain conditions. One such condition was the way in which the mark was reproduced. The Group believed it would be reasonable to limit a trademark owner's rights when the mark was used in ordinary font. If the indication used the same font as the stylised trademark, however, the trademark owner should be entitled to assert his mark against such an indication.

The Latvian Group suggested that descriptive use of another's mark should be permissible if it is not for commercial purposes and will *not* cause any damage to the trademark owner. If descriptive use is for commercial purposes, consent should be obtained from the trademark owner.

The Russian Group suggested that the descriptive use of another's mark should not be permissible.

2) *Should use of one's own name be permissible? If so, under which circumstances? What should the position regarding the use of corporate names be?*

All Groups believed that use of one's own name should, in principle, be permissible. Each Group set various limitations on such use, however, taking a number of criteria into account.

The Estonian and Dutch Groups suggested that use of one's own name should be permissible and that since a name can function as a trademark, all aspects of trademark law could be applied to that name.

The Austrian, Finnish, Hungarian, Italian, Malaysian, South African, Swedish and UK Groups suggested that the use of one's own name should be permissible in accordance with honest commercial practices. This would require all reasonable precautions to be taken to avoid confusion to the consumer and unfair exploitation of another trademark's reputation. These Groups (along with the Paraguayan Group) suggested that use of a legitimate corporate name should be allowed, again in accordance with honest commercial practices. The Austrian Group noted that any "reasonable precaution" test would have to be applied more strictly in relation to corporate names.

The Argentinean, Brazilian, Danish, Italian, Mexican, Paraguayan, Spanish and US Groups suggested that use of one's own name as a trademark should be permissible, provided that it is not identical or confusingly similar to a senior mark designating goods or services identical or similar to those in relation to which the name is to be used. The Argentinean, Latvian and Romanian Groups concluded that use of one's own (individual or company) name should not be permissible if it is identical or confusingly similar to a well-known mark, no matter what goods and services the name aims to identify. The Danish Group suggested that well-known marks should be imbued with broader protection to reflect the amount that the owner has spent marketing his product with a particular trademark. The Italian Group, meanwhile, suggested that an "own name" defence should only be available to individuals (and corporations) using their real name(s) (the name of the main shareholder in the case of a company) in the course of trade.

The Egyptian and Philippines Groups suggested that use of one's own name should be permissible, provided that a distinctive feature was added to it (in a similar vein, the German Group noted that the danger of confusion with a trademark could be avoided by the addition of explanatory or clarifying elements). It believed the use of corporate names should be discouraged because trademarks should be distinctive. The Georgian Group also suggested that the use of a company name should not be permissible.

The Bulgarian, Chinese Groups suggested that use of one's own name should be permissible if such use was not as a trademark and in accordance with honest commercial practices. The Bulgarian Group believed that use of a corporate name should be subject to similar limitations, but suggested that the conflict between marks and corporate names needed further discussion.

The Argentinean, Austrian, Brazilian and Latvian Groups suggested that any conflict between corporate names and trademarks should be settled according to the principle of prior rights. The German and US Groups maintained that conflicts between trademarks and corporate names should be solved using the existing principles for assessing conflicts between trademarks. The Danish and Mexican Groups suggested that harmonisation was needed regarding the way in which company names and trademarks were assessed. The Brazilian Group suggested that the territory in which corporate names were entitled to protection should be defined by local laws.

- 3) *Should the use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods be permissible? If so, under which circumstances?*

Almost all of the Groups concluded that indications concerning the characteristics of the goods or services should be permissible (though clear limitations should be established to avoid damaging a trademark owner's interests). Most Groups suggested that such indications should be "bona fide" or made in accordance with fair/honest commercial practices and should not constitute unfair competition, create a likelihood of confusion between the businesses of the trademark holder and the user or dilute the trademark.

The Argentinean Group suggested that use of another's trademark that consists of indications which are descriptive or suggestive of non-essential features of the goods or services should not be permissible to the extent there are other words that can be used for the purposes of description. The Swedish Group believed that a relevant factor in determining whether use of indications was legitimate was whether that use was necessary in the circumstances.

Several Groups stressed that their national trademark laws did not grant protection to characteristics of goods or services (such characteristics being devoid of distinctiveness), which meant that use of such indications was already allowed. Many felt that it was important that trademark protection did *not* cover indications concerning the characteristics of goods or services.

- 4) *Should the use of another's mark to indicate product compatibility be permissible? If so, under what circumstances? Should only the use of another's word mark in ordinary script or neutral letters be permissible or also the use of another's logo or special script format of the mark?*

The majority of the Groups concluded that descriptive use of another's trademark to indicate product compatibility should be permissible. Most Groups suggested that such use should be "bona fide" or made in accordance with fair/honest commercial practices and should not constitute unfair competition, create a likelihood of confusion between the businesses of the trademark holder and the user or dilute the trademark. The use should not mislead consumers into believing that the product originates from or is endorsed by the trademark owner.

The Egyptian, Latvian and Thai Groups suggested that use of another's trademark to indicate product compatibility should be permissible, provided that the trademark owner has authorised such use.

The Argentinean, Chilean, Chinese, Finnish, German, Japanese, Korean, Mexican, South African, Swedish and US Groups suggested that use of another's mark to indicate product compatibility should always be in ordinary script or neutral letters. Use of another's logo or special script format of the mark should not be permissible: the trademark owner should have

exclusive control over the way his sign is displayed. The Argentinean and US Groups believed that another's mark should not be displayed on the product in an unduly large size, whilst the Mexican Group suggested that a disclaimer be included on the product in order to alert the consumer that the manufacturer was not authorised by the trademark owner.

The Austrian Group concluded that the legitimacy of the use of another's logo or special script should depend on the specific circumstances of the case, in particular whether the use amounts to an unfair exploitation of the mark's reputation or is likely to cause dilution to the mark. A similar view is taken by the Czech Group. The Bulgarian Group suggested that further consideration should be given to the possibility that only use of another's word mark in ordinary script or neutral letters be permissible.

The Brazilian, Georgian, Dutch, Singapore, Spanish and UK Groups suggested that if fair competition principles were observed, use of another's logo or special script format of the mark could be allowed. The Hungarian and Italian Groups concluded that use of another's logo should be permissible as long as the user can demonstrate such use is truly necessary to indicate product compatibility (the Swiss Group took a similar view, noting that the use of another's logo should be permitted only under special circumstances).

The Estonian Group suggested that use of another's trademark to indicate product compatibility should be permissible if the trademark was reproduced exactly on the product (e.g. in logo or special script form). Allowing third parties to alter the appearance of the mark could weaken it.

5) *Should decorative use of another's mark be permissible? If so, under what circumstances?*

The Groups were relatively split in their responses to this Question.

The Austrian and Swiss Groups suggested that decorative use of another's mark might - depending on the specific circumstances - not amount to "use as a mark" and should therefore be permissible, subject to unfair competition laws. The Danish, Estonian, German, Spanish and Swedish Groups concluded that decorative use should be restricted, but that it might be acceptable where it was used in a "non-characterising" way, did not constitute a dishonest use of the mark or an exploitation of the owner's goodwill and was not detrimental to the distinctive character of the mark. The Dutch, French and Italian Groups suggested that decorative use of another's trademark should only be permissible if the consumer perceived the sign as a mere "embellishment" on the product. The UK Group took a similar view, adding that there should be no "use as a mark" in connection with dealing in goods and services.

The Brazilian Group suggested that decorative use of another's mark should be permissible, provided that the mark used as decoration is not registered in the class of products upon which the decoration is affixed (e.g. on clothing or accessories), is not a famous or well-known mark (i.e. one that has a long-standing reputation) and is not detrimental to the mark.

The Egyptian, Latvian, Romanian and Thai Groups suggested that decorative use of another's trademark should only be permissible if the trademark owner has authorised such use.

The Argentinean, Bulgarian, Chinese, Finnish, Hungarian, Korean, Mexican, Paraguayan, Russian and US Groups concluded that decorative use of another's mark should not be permissible. Such use would constitute an unlawful misappropriation of the trademark owner's rights, would be likely to cause confusion as to the origin of goods/services and could be detrimental to the mark. The Chilean Group noted that decorative use of another's mark should not be permissible in the course of trade. The Bulgarian Group suggested that the term "decorative" was too broad: if such use was permitted, it would be more difficult to enforce rights under the mark. The US Group conceded that a limited "artistic use" exception might be justified, whilst the Hungarian Group noted that if such use were outside the scope of trade, it should be allowed.

6) *Should trademark law provide for a prior user right? If so, under what circumstances?*

This question aimed to establish the Groups' views on a statutory defence for a prior user against a later trade mark right. The only Groups that provide for such statutory prior user defence - Switzerland and the Philippines - support the notion of a prior user defence, but none of the other groups specifically addressed the need for a statutory defence for a prior user against a later trade mark right. Many Groups suggested, however, that the "bona fide", continuous earlier use (in the course of trade) of a mark should entitle a prior user to actually *assert* rights over a later registered trademark (or to prevent registration by a later user), as well as to raise a defence to an action for trademark infringement by the proprietor of a later mark.

The Italian and Swedish Groups suggested that a prior user right should be recognised if the general public perceived an unregistered trademark to be an indication of the origin of the particular user's product (i.e. an unregistered mark had become notorious in the relevant market). The Dutch Group, meanwhile, concluded that whilst its national laws did not provide for a prior user right, it was satisfied with existing case law asserting that prior users *did* have recourse to some rights/defences. It noted that well-known trademarks were broadly protected, even if they had not been registered (e.g. under the Paris Convention).

The Argentinean Group concluded that the rights of a prior user should not entitle him to expand the use of his mark to cover goods or services for which he had not initially been using the mark. The Chinese Group, whilst agreeing that trademark law should recognise prior user rights, suggested that indications should be added to an earlier mark to prevent confusion with a registered trademark.

The Spanish Group suggested that trademark law should provide for a prior user right in exceptional cases only. Circumstances that would merit exceptional treatment included: the priority user claiming ownership of a trademark if it had been registered by fraudulent means against his rights; the priority user of a well-known trademark taking action for trademark infringement; and the priority user of an unregistered commercial name used or well-known in Spain to oppose the registration of a more junior sign.

The Georgian Group concluded that it was not necessary for trademark law to provide for a prior user right, since such right could be protected through other laws or international agreements. The German Group rejected the suggestion that there should be a general prior user right, as this would affect the legal certainty of trademarks. It considered that a prior user defence should be allowed against claims arising from a registered trademark, however, particularly if such trademark had been used unfairly or dishonestly against the prior user. The French Group took a similar view.

The Japanese Group noted that the question of whether or not a prior user right should be permissible would have to fit the particular history and system (e.g. the first-to-use system or the first-to-file system) of each country's trademark law. It concluded that it would be difficult and inappropriate to establish uniform rules concerning requirements other than prior use with regard to a prior user right. The US Group also suggested that this issue merited broader and more thorough discussion.

7) *Should trademark law provide for other limitations of trademark rights which have not been discussed above? If so, under what circumstances?*

The majority of the Groups answered this Question in the negative.

One or two Groups (Italy, Paraguay) noted that "constitutional" limitations of trademark rights should be encouraged (e.g. enabling the media to use / make reference to trademarks in good faith).

The German Group suggested that further limitations of trademark rights were required. These included rules on statutory limitation and acquiescence, provisions on compulsory use and "moral" use (including rules on fair competition and anti-trust) and "constitutional" rights, such as freedom of speech and freedom of the press.

The Philippines Group suggested that the use by third parties of elements of a mark that are considered 'functional' should be permissible, despite registration. A manufacturer should not be allowed to control a useful product feature under trademark law: protection of product designs or functions should fall within the scope of patent law only.

The Japanese Group suggested that trademark law should provide for further limitations of trademark rights. Consideration should be given to the following scenarios and issues:

- 1) a conflict between a trademark right and another person's copyright or design right which took effect prior to the application date of the trademark concerned;
- 2) when a trademark right should be invalidated;
- 3) when it would not be appropriate to allow a trademark right to be enforced in order to prevent use of a mark by another person (e.g. when the trademark used by another person represents the goodwill of such person or when an extinguished trademark right is used by another person in good faith prior to its restoration);
- 4) when enforcement of a trademark right would violate anti-trust or other laws; and
- 5) any other cases where enforcement of a trademark right could be regarded as an abuse of such right.

The Group maintained that limitations of trademark rights for matters other than those discussed in Questions 1) through 6) above should be laid down by the trademark law and other national laws or jurisprudence of each country, and should *not* be subject to restrictive or uniform rules.

The Swiss Group noted that care should be taken to avoid the implementation of too many limits and exceptions to trademark rights, which could ultimately "wear away" the rights of a trademark owner.

III) Conclusions / points for a resolution

It appears from the Reports that a trademark owner is entitled to exclusive rights in his mark under the national laws of all the Groups. It would seem, however, that his rights do not extend to descriptive uses by third parties which do not prevent the trademark from functioning as it should (i.e. from distinguishing the owner's goods from the goods of others). Most Groups reported that both the use of indications concerning the characteristics of the goods or services and the use of trademarks for indicating product compatibility were permissible under their national laws. It may be that this is an area where harmonisation could be achieved.

Points for a resolution might therefore be:

- Descriptive use should be possible, provided there is no risk of confusion..
- The use of a person's name should be possible, at least when it is in accordance with honest commercial practices. What are such practices? What about company names? Should there be a distinction between "real" names and "fantasy" names?
- It should be possible to use a trademark as indication for characteristics of the goods and services, again provided that this is done in accordance with honest practices and bona fide.
- The same applies to indications of compatibility.

- Decorative use should only be permitted in restricted cases and in a limited way.

There does not seem to be any common ground for other limitations or the suggestions are too far away from the topic of Q195 (fair use and descriptive use; prior user defence). Specifically, there does not seem to be any consensus among the Groups in relation to a statutory defence for a prior user against a later trade mark right. It seems to be generally accepted that prior use may amount to a defence to the extent such prior use constitutes prior rights. This is, however, not the core of the question.