

WIPO/IP/CAI/1/03/8.A

ORIGINAL: English

DATE: February 2003



CAIRO UNIVERSITY



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

WIPO NATIONAL SEMINAR ON INTELLECTUAL PROPERTY

organized by
the World Intellectual Property Organization (WIPO)
in cooperation with
the Cairo University, Arab Republic of Egypt

Cairo, February 17 to 19, 2003

THE PROTECTION OF WELL-KNOWN TRADEMARKS

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1. Well-Known Marks and the Paris Convention

A special protective regime for marks which are considered to be 'well-known', was created by Article 6 *bis*(1) of the Paris Convention which permits the countries of the Paris Union

... to refuse or to cancel the registration, and to prohibit the use of a trademark which constitutes reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or used to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

The Article also applies 'when the essential part of a mark constitutes reproduction of a well-known mark or an imitation likely to create confusion therewith'. A period of five years from the date of registration is allowed by Art. 6 *bis*(2) for the cancellation of unauthorised registrations of well-known marks, but in relation to marks 'registered or used in bad faith' Art. 6 *bis*(3) provides that no time limit shall be fixed for requesting the cancellation or the prohibition of an unauthorised well-known mark.

Article 2 of the TRIPS Agreement obliges Members of the WTO to comply with Articles 1 through 12 of the Paris Convention. Article 16.2 provides that 'Article 6 *bis* of the Paris Convention (1967) shall apply *mutatis mutandis* to services' and Article 16.3 provides that 'Article 6 *bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered....

The utility of the scheme of protection created by the relevant provisions of the Paris Convention, is that protection may be secured even without registration in a jurisdiction. The issue of protection of well-known marks usually arises in new markets, invariably countries which have previously been closed to foreign traders or which, through an increase in economic development have become attractive for the suppliers of branded products.

2. Defining 'well-known'

The TRIPS Agreement and the Paris Convention, in common with most domestic statutes dealing with well-known marks, leave the concept of well-knownness undefined. The situation had become further confused because other hierarchies of repute have been established. For example the French Intellectual Property Code distinguishes between

(1) the 'well-known' branch proper, which is a 'trademark recognised by a large fraction of the circles concerned with the production, sale or use of the goods in question and which is clearly perceived as indicating a particular origin of these products'; and

(2) the 'famous' ('renommé') branch which would be a trademark known internationally or worldwide.¹

In jurisdictions such as Brazil, the Industrial Property Code provides special protection for 'notorious' trademarks. To obtain this protection formal registration is required, based on a fairly high level of public identification.

The ECTradeMarks Directive of 21 December 1988 defines 'well-known' in the sense in which the words are used in Article 6 *bis* of the Paris Convention. The UK Trade Marks Act 1994, which was enacted in conformity with the EC Directive provides in s.56(1) that reference to a trademark 'entitled to protection under the Paris Convention as a well-known mark' are to a mark 'which is well-known in the United Kingdom'. Protection is extended under that section to persons natural or domiciled in a Paris Convention country, or having 'a real and effective commercial establishment in a Convention country, whether or not that person carries on business, or has any goodwill, in the United Kingdom'.

A Joint Resolution on well-known marks was adopted in the General Assembly of WIPO and the Assembly of the Paris Union in September, 1999. The Resolution also does not define well-known marks but lists a number of factors determining whether marks fall into that category. These are: the degree of knowledge of the mark, the duration and extent of its use, the duration and extent of any publicity associated with it, the number of registrations of it worldwide, the diligence with which its owner can prove that he has defended it against copiers and the value of the mark.

3. Indicia of Renown

3.1 Public Repute

Article 16.2 of the TRIPS Agreement provides that '[i]n determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public....'

Article 2(2) of the WIPO Joint Resolution provides that relevant sectors of the public shall include:

- (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;
- (ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies; and
- (iii) business circles dealing with the type of goods and/or services to which the mark applies.

It also provides that where a mark is determined to be well-known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark.

Market survey evidence is typically used to demonstrate the public repute of a brand.¹ The audiences surveyed will be critical to a finding of repute. For example, in the LEGO litigation, the Danish manufacturer of interlocking plastic construction toys parts claimed passing off by an Israeli manufacturer of interlocking irrigation equipment. In the United Kingdom the court found for the plaintiff on the basis of a market survey of persons likely to buy toys.² On the other hand, in the identical litigation in Australia, the Court found for the defendant on the basis of a survey of the purchasers of irrigation equipment.³

The explanatory notes to the WIPO Joint Resolutions suggest that consumers of goods or services should be understood in the wide sense of the term, and should not be restricted to those persons who actually and physically consume the product. Because the nature of the goods or services to which a mark is applied can vary considerably, actual and/or potential

consumers can be different in each case. Groups of actual and/or potential consumers may be identified with the help of parameters such as the target group for the goods and services in relation to which the mark is used or the group of actual purchasers.

Depending on the nature of the goods and services, the channels of distribution may differ considerably. Certain goods are sold in supermarkets and are easily obtainable by the consumers. Other goods are distributed through accredited dealers or through sales agents directly to a consumer's business or home. This means, for example, that a survey among consumers who exclusively shop in supermarkets may not be a good indication for establishing the relevant sector of the public in relation to a mark which is used exclusively in respect of goods sold by mail order.

The business circles which deal with the goods and/or services to which a mark applies are in general constituted by importers, wholesalers, licensees or franchisees interested and prepared to deal in the goods or services to which the mark applies.

3.2 Advertising

Article 16.2 also refers to 'knowledge...obtained as a result of the promotion of the trademark in determining whether a mark is well-known. This evidence of the amount of advertising spend and the extent of dissemination of advertising to the relevant target audience will have a bearing on the renown of a brand. Particularly useful in practice will be the availability in a subject country of widely distributed international journals and advertisements appearing in magazines distributed in airlines flying to the subject country.

3.3 Other Factors

Among the other factors that will be taken into account in assessing the renown of a trademark are: (i) the registration history of a mark, including its date of first registration in the subject country; (ii) the global extent of registration of a mark; (iii) findings of repute by trademark offices in opposition hearings and by courts; and (iv) the value of a mark as an asset on the books of a company.

3.4 Factors Not Required

The WIPO Joint Resolution provides that a Member State shall not require, as a condition for determining whether a mark is a well-known mark: (i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State; (ii) that the mark is well known in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or (iii) that the mark is well known by the public at large in the Member State.

4. Bad Faith Registrations

One of the issues raised during the Uruguay Round negotiations on TRIPS was the fact of registration of unauthorized registrations of well-known marks by unauthorized third parties. This usually occurred in markets which the proprietors of well-known marks had not yet entered. The effect of these registrations was to make those proprietors potential counterfeiters of the unauthorized registrations. To deal with this problem the WIPO Joint Resolution in Article 3 provides that "a Member State shall protect a well-known mark against conflicting marks, business identifiers and domain names, at least with the effect from the time when the

mark has become well known in the Member State". Bad faith may be considered as one factor among others in assessing competing interests under this provision.

In determining bad faith Article 4(5) provides that the competent authority shall take into consideration whether the person who obtained the registration of or used the mark which is in conflict with a well-known mark had, at the time when the mark was used or registered, or the application for its registration was filed, knowledge of, or reason to know of, the well-known mark.

5. Conflicting Marks

Marks are deemed to be in conflict with a well-known mark, in Article 4 of the WIPO Joint Resolution, where "that mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration, liable to create confusion, of the well-known mark, if the mark, or an essential part thereof, is used, is the subject of an application for registration, or is registered, in respect of goods and/or services which are identical or similar to the goods and/or services to which the well-known mark applies."

This is the case where:

- (i) the use of that mark would indicate a connection between the goods and/or services for which the mark is used, is the subject of an application for registration, or is registered, and the owner of the well-known mark, and would be likely to damage his interests;
- (ii) the use of that mark is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;
- (iii) the use of that mark would take unfair advantage of the distinctive character of the well-known mark.

The issue of conflicting marks will usually be raised in opposition proceedings (where they exist) or proceedings for invalidation. In the latter proceedings, the WIPO Joint Resolution envisages a five-year period during which invalidation may be sought, commencing from the date on which the fact of registration was made known to the public.

Article 4(4) provides that the owner of a well-known mark shall be entitled to request the prohibition, by a decision of the competent authority, of the use of a mark which is in conflict with the well-known mark. Such request shall be admissible for a period which shall not be less than five years beginning from the time the owner of the well-known mark had knowledge of the use of the conflicting mark. No time limits are imposed where the conflicting mark was registered in bad faith.

6. Conflicting Business Identifiers

A business identifier is deemed by Article 5 of the WIPO Joint Resolution, to be in conflict with a well-known mark where that business identifier, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:

- (i) the use of the business identifier would indicate a connection between the business for which it is used and the owner of the well-known mark, and would be likely to damage his interests;

- (ب) the use of the business identifier is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;
- (ج) the use of the business identifier would take unfair advantage of the distinctive character of the well-known mark.

“Business identifiers” are defined in Article 1 as signs which identify businesses as such, and not the products or services offered by the business. Signs that may constitute business identifiers are, for example, trade names, business symbols, emblems or logos. Some confusion as regards the functions of marks and business identifiers stems from the fact that, sometimes, the name of a company, i.e., its business identifier, is identical with one of the company’s trademarks.

As with conflicting marks, the owner of a well-known mark shall be entitled to request the prohibition, by a decision of the competent authority, of the use of a business identifier which is in conflict with the well-known mark. Such request shall be admissible for a period which shall not be less than five years beginning from the time the owner of the well-known mark had knowledge of the use of the conflicting business identifier. No time limit is prescribed for requesting the prohibition of the use of a business identifier which is in conflict with a well-known mark if the conflicting business identifier was used in bad faith.

7. Conflicting Domain Names

The issue of well-known marks has been raised most recently in the context of conflicting domain names. Article 6 of the WIPO Joint Resolution, provides that a domain name shall be deemed to be in conflict with a well-known mark at least where that domain name, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and the domain name has been registered or used in bad faith. The owner of a well-known mark shall be entitled to request, by a decision of the competent authority, that the registrant of the conflicting domain name cancel the registration, or transfer it to the owner of the well-known mark.

8. Local Idiosyncrasies

The finding that a trademark is well-known in one country is not necessarily determinative of it being well-known in other jurisdictions. The controlling factor is the requirement of repute in the local jurisdiction. An interesting perspective is thrown up by some recent South Korean cases in that trademarks with a very substantial repute may become generic and thus insufficiently distinctive. For example the Korean Supreme Court ruled that the mark *Aspirin* had become generic of an ‘acetyl-salicylic-acid-based substance’ and the Court ruled that the mark *Jeep* was understood by the majority of the public to mean ‘a small box-type automobile’.⁵ The Supreme Court observed that the fact that a trademark and its production were well-known or widely used in other countries did not necessarily imply that they were well-known in Korea.

9. Dilution

The rights of an owner of a well-known trademark under the Paris Convention involve the prevention of an unauthorised third party from registering or using that mark in relation to

identical or similar goods. Article 16.3 of the TRIPS Agreement extends the Paris Convention protection to

... goods or services which are not similar to those in respect of which a trademark is registered, provided that the use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

The UK Trade Marks Act 1994 attempts to achieve this result by disallowing in s.5(3) registration of a 'subsequent trademark' where an 'earlier trademark' has a reputation in the UK and the use of the subsequent mark without due cause 'would take unfair advantage of, or be detrimental to the distinctive character or reputation of the earlier trademark'. The term 'earlier trademark' is defined in s.6(1)(c) to mean 'a trademark which, at the date of application for registration... was entitled to protection under the Paris Convention as a well-known mark'. This provision replaced the facility for defensive registration which had been provided under s.27 of the 1938 Act. Under this section it was possible for the proprietor of a well-known invented word-mark to obtain defensive registration of that mark in respect of goods or services not supplied by the proprietor but which would be confusing if another person obtained registration in respect of those goods or services. Defensive registration had been largely underused in the UK because of the conservatism of the Court in *Ferodo* in permitting restrictions to registration in disparate categories of goods to those sold by the applicant.

Repeal of s.27 was recommended in the 1990 White Paper *Reform of Trade Marks Law* as being inconsistent with the EC Trade Mark Harmonization Directive which recommended that the owner of a trademark be entitled to prevent the use of an identical or similar mark in connection with goods or services which are not similar to those for which a mark is registered 'where the reputation of the mark is such that the use of the mark would take unfair advantage of that reputation or would be detrimental to the reputation or to the distinctive character of the trademark'.

This language of the EC Harmonization Directive enunciates what in the USA falls into the broad subject of anti-dilution law. Some 25 States have enacted anti-dilution statutes and in the remaining States anti-dilution doctrines have been expounded in the case-law. The US Statutes and interpretative cases are illustrative of the sort of considerations which will apply to the extension by Art. 16.3 of well-known marks protection to dissimilar goods or services where 'the interests of the owner of the registered trademark are likely to be damaged' by a diluter. By way of example the 1992 Model State Trademark Law provides as follows:

Section 13. Trade Mark Dilution

The owner of a mark which is famous in this state shall be entitled, subject to the principles of equity, to an injunction against another's use of the mark, commencing after the owner's mark becomes famous, which causes dilution of the distinctive quality of the owner's mark and to obtain such other relief as is provided in this section. In determining whether a mark is famous, a court may consider such factors as, but not limited to:

- (A) the inherent or acquired distinctiveness of the mark in this state;
- (B) the duration and extent of the use of the mark in connection with the goods

and services;

(C) the duration and extent of advertising and publicity of the mark in this state;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channel of trade for goods or services with which the owner's mark is used;

(F) the degree of recognition of the owner's mark in its and in the other's

trading areas and channels of trade in this state; and

(G) the nature and extent of use of the same or similar mark by third parties.

Dilution in the US case typically involves either the blurring or tarnishment of the reputation of a well-known mark by the use by an unauthorised third party in relation to classes of goods or services unlike those of the registered proprietor. Blurring occurs where, for example, the use of *Tiffany* by a restaurant was found to diminish the 'distinctiveness, uniqueness, effectiveness and prestigious connotations' of the mark when used by a prestigious jeweller.^١ Other examples traversed by the courts are: *Dupont*-shoes; *Buick*-Aspirin tablets; *Schlitz*-varnish; *Kodak*-pianos; and *Bulova*-gowns.^٢

Dilution by tarnishment occurs where the 'positive associational value' of a trademark is damaged by the conduct of a defendant. Examples of actionable tarnishment include the use by a condom company of its product got up in the same way as a prestigious charge card^٣; the sale of a cocaine-like bubble-gum substance in a *Coca-Cola* look-alike bottle^٤; and the sale of dog biscuits under the mark *Dogiva*, which was found to be a tarnishment of the famous *Godiva* mark for chocolates.

^١ Quoted in Bertrand, 'French Trade Mark Law: from the Well-known branch to the Famous Brand' [1993] 15 *EIPR* 142, 143.

^٢ See examples in Blakeney, 'Well-known Marks', [1994] 11 *EIPR* 481, 483.

^٣ *Lego System Aktielskab v. Lego M. Lemelstrich Ltd* [1983] *FSR* 155

^٤ *Lego System of Australia v. Paul's (Merchants) Ltd* (1982) 60 *FLR* 464.

^٥ *Bayer Pharmaceutical Co. v. Hyundai Pharmaceutical Co Ltd*, discussed in *IP Asia*, 25 November 1993, 6-8.

^٦ *Ibid.*, 8-9.

^٧ (1945) 62 *RPC* 111.

^٨ Cm. 1203, September 1990.

^٩ *Tiffany & Co. v. Boston Club, Inc* 231 F. Supp. 836, 844 (1964)

^{١٠} Cited in *Mead Dta Control, Inc. v. Toyota Motor Sales USA, Inc.* 875 F.2d 1026 (1989).

^{١١} *American Express Co. v. Vibra Approved Laboratories Corp.* 10 USPQ2d 2006 (SDNY 1989).

^{١٢} *Coca-Cola Co. v. Alma -Leo USA, Inc.* 71 9F. Supp. 725 (ND Ill. 1989).