

NOTES CONCERNING

DRAFT PROVISIONS ON THE PROTECTION OF WELL-KNOWN MARKS (document SCT/2/3 Prov.)

Prepared by the International Bureau

INTRODUCTION

1. The present document contains draft provisions dealing with the protection of well-known marks, and accompanying notes. Previous drafts of the provisions have been considered by the WIPO Committee of Experts on Well-Known Marks (hereinafter referred to as the "Committee of Experts"), which has so far met in three sessions, from November 13 to 16, 1995 (see documents WKM/CE/I/2 and 3), from October 28 to 31, 1996 (see documents WKM/CE/II/2 and 3) and from October 20 to 23, 1997 (see documents WKM/CE/III/2 and 3), and by the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its first session (July 13 to 17, 1998) (see documents SCT/1/3 and 6). Differences between the text of the draft provisions submitted to the first session of the SCT (document SCT/1/3 and document SCT/1/6, Annex I) and the text of the draft provisions contained in the present document have been highlighted as follows: (i) words which did not appear in document SCT/1/3 but appear in the present document are underlined, and (ii) the omission of words which appeared in document SCT/1/3 from the present document is indicated by strikethrough. Text which appears between square brackets is of a purely editorial nature and will not appear in any final version of the provisions. Changes in the Notes are not marked.

2. Following the decision of the SCT taken at its first session, the draft provisions have been redrafted in the form of a resolution of the General Assembly of WIPO. The wording of the draft provisions has been amended accordingly. However, this does not exclude the possibility of inclusion of the provisions into a future treaty.

Resolution

R.1 The Resolution is intended to be adopted by the General Assembly of WIPO, and is addressed to the Member States of WIPO. In order for the Resolution to have the widest possible coverage, it is suggested that it also mention intergovernmental organizations having competence in the area of trademarks. [The first paragraph of the Resolution is taken from the previous draft (see note 2.1, below.)]

Notes on Article I

1.1 *Items (i) and (ii).* These items are self-explanatory.

1.2 *Item (iii).* [In several instances, the draft provisions mention the "competent authority" of a Member State (for example, Article 2(1)).] The legal nature of the "competent authority" will depend on the national system of a given Member State. The definition has been drafted broadly in order to accommodate all systems that exist in Member States.

1.3 *Item (iv)* has been drafted along the lines of Article 2(vi) of the Treaty on Intellectual Property in Respect of Integrated Circuits, adopted at Washington on May 26, 1989.

1.4 *Item (v)*. Business identifiers are signs which identify businesses as such, and not the products or services offered by the business, the latter feature constituting a pure trademark function. 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.

1.5 *Item (vi)*. Internet domain names can be described as user-friendly substitutes for numerical Internet addresses. A numerical Internet address (also referred to as "Internet Protocol address" or "IP address") is a numeric code which enables identification of a given computer connected to the Internet. The domain name is a mnemonic substitute for such an address which, if typed into the computer, is automatically converted into the numeric address. [An example of a domain name is the domain name for the WIPO home page: "wipo.int".]

Notes on Article 2

[2.1 The substance of the introductory paragraph of Article 2 has been moved to the Resolution.]

2.2 *Paragraph (1)(a).* [The work which so far has been undertaken on the draft provisions showed that any attempt to draw up an exhaustive list of criteria for determining whether or not a particular mark is well known in a given territory would be illusionary. Rather, it was decided to define a number of criteria which can be used in order to make such a determination.] The owner of a mark, who intends to prove that the mark is well known, is free to use any evidence that may support such a claim. Consequently, paragraph (1)(a) requires that a competent authority take into consideration any circumstances that are put forward in order to show that a mark is well known.

2.3 *Paragraph 1(b).* By way of example, paragraph (1)(b) lists a number of criteria which, if submitted, must be considered by a competent authority. An authority is not allowed to insist on the presentation of any particular criteria; the choice as to what kind of evidence is forwarded is left to the party requesting protection. The non-fulfillment of any particular criteria cannot in itself lead to the conclusion that a given mark is not well known.

2.4 *No. 1.* The degree of knowledge or recognition of a mark can be determined through consumer surveys and opinion polls. The point under consideration recognizes such methods, without setting any standards for methods to be used or quantitative results to be obtained.

2.5 *No. 2.* The duration, extent and geographical area of any use of the mark are highly relevant indicators as to the determination whether or not a mark is well known by the relevant sector of the public. Attention is drawn to Article 2(3)(a)(i), providing that actual use of a mark in the territory in which it is to be protected as a well-known mark cannot be required. However, use of the mark in neighboring territories, in territories in which the same language or languages are spoken, in territories which are covered by the same media (television or printed press) or in territories which have close trade relations may be relevant for establishing the knowledge of that mark in a given territory.

2.6 The term “use” is not defined. On the national or regional level, the question of what constitutes “use” of a mark usually arises in the context of acquisition of trademark rights through use, the invalidation of registrations for non-use, or the acquisition of distinctive character of a mark through use. However, for the purpose of the draft provisions, the term “use” should cover use of a mark on the Internet.

2.7 *No. 3.* Although “promotion of a mark” may well be considered to constitute use, it is included as a separate criterion for determining whether a mark is well known. This is mainly done in order to avoid any argument as to whether or not promotion of a mark can be considered to be use of the mark. Where an ever increasing number of competing goods and/or services are on the market, knowledge among the public of a given mark, especially as regards new goods and/or services, could be primarily due to the promotion of that mark. Advertising, for example, in print or electronic media (including the Internet), is one form of promotion. Another example of promotion would be the exhibiting of goods and/or services at

fairs or exhibitions. Because the visitors at an exhibition may come from different countries (even if the access for exhibitors is limited to nationals from one country, for example, in the case of a national fair or exhibition), “promotion” in the sense of item (ii) is not limited to international fairs or exhibitions.

2.8 *No. 4.* The number of registrations of a mark obtained worldwide and the duration of those registrations may be an indicator as to whether such a mark can be considered to be well known. Where the number of registrations obtained worldwide is held relevant, it should not be required that those registrations are in the name of the same person, since in many cases a mark is owned in different countries by different companies belonging to the same group. Registrations are relevant only to the extent that they reflect use or recognition of the mark, for example, if the mark is actually used in the territory for which it was registered, or was registered with a *bona fide* intention of using it.

2.9 *No. 5.* Due to the principle of territoriality, well-known marks are enforced on a national basis. Evidence of successful enforcement of the right to a well-known mark or of the recognition of a given mark as being well known, for example, in neighboring territories, may serve as an indicator as to whether a mark is well known in a particular territory. Enforcement is intended to be construed broadly, also covering opposition procedures in which the owner of a well-known mark has prevented the registration of a conflicting mark.

2.10 *No. 6.* There exist a considerable variety of methods for trademark evaluation. This criterion does not suggest the use of any particular method. It merely recognizes that the value associated with a mark may be an indicator as to whether or not that mark is well known.

2.11 *Paragraph (1)(c)* makes it clear that the criteria listed under paragraph (b) do not constitute an exhaustive list, and that compliance or non-compliance with any of those factors cannot in itself be conclusive as to whether or not a given mark is well known.

2.12 *Paragraph (2)(a).* [Due to a re-organization of Article 2, the substance of what was contained in the first sentence of paragraph (2)(a) has been moved to paragraph (2)(b).] This sub-paragraph recognizes that, as regards the knowledge of a given mark in the public, there may exist several relevant sectors. By way of example, three relevant sectors are described in items (i) to (iii).

2.13 *Item (i).* The expression “consumer” is to be understood in the wide sense of the term, and should not be restricted to those persons who actually and physically consume the product. In that respect, reference can be made to the term “consumer protection” which covers all parts of the consuming public. 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.

2.14 *Item (ii)* 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 for consumers. Other goods are distributed through accredited dealers or through sales agents direct 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 on goods sold by mail order.

2.15 *Item (iii).* 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.

2.16 *Paragraph (2)(b).* In order for a mark to be considered to be a well-known mark, it is sufficient that the mark is well known *in at least one relevant sector of the public*. It is not permitted to apply a more stringent test such as, for example, that the mark be well known by the public at large. The reason for this is that marks are often used in relation to goods or services which are directed to certain sectors of the public such as, for example, customers belonging to a certain group of income, age or sex. An extensive definition of the sector of the public which should have knowledge of the mark would not further the purpose of international protection of well-known marks, i.e., to prohibit use or registration of such marks by unauthorized parties with the intention of either passing off their goods or services as those of the real owner of the mark, or selling the right to the owner of the well-known mark.

2.17 *Paragraph 2(c).* Paragraph (2)(b) establishes that Member States must protect marks which are well known in at least one relevant sector of their public. Paragraph 2(c) introduces, on an optional basis, the possibility for Member States to also protect marks which are merely known by a relevant sector of the public. [The inclusion of this provision is based on an intervention of the Delegation of the United States of America at the first session of the SCT].

2.18 *Paragraph 2(d)* clarifies that paragraph (2)(b) and, where applicable, (c) set a maximum standard of protection, and that Member States are free to afford protection to marks that are, for example, well known or known only outside the territory in which protection is sought.

2.19 *Paragraph (3)(a)* sets out certain conditions, the fulfillment of which cannot be required when determining whether a mark is well known.

2.20 *Paragraph 3(b).* If it is possible to protect a mark in a Member State on the ground that it is well known outside its territory, this paragraph permits a Member State, in derogation of paragraph (3)(a)(ii), to request evidence in support of this fact.

Notes on Article 3

3.1 *Paragraph (1).* Under this paragraph, a well-known mark is entitled to protection by a Member State at least as of the time when the mark has become well known in its territory. This means that a Member State is not obliged to protect an “internationally” known mark if that mark is not well known on its territory, or the mark is known albeit not well known. However, as expressed by the words “at least,” protection may be granted before a mark has become well known.

3.2 *Paragraph (2).* Cases involving the protection of a well-known mark very often involve an element of bad faith. Paragraph (2) takes account of this fact by stating in general terms that bad faith should be considered in balancing the interests of the parties involved in cases concerning the enforcement of well-known marks.

Notes on Article 4

4.1 *Paragraph (1)(a)* defines the conditions under which a mark is deemed to be in conflict with a well-known mark in respect of identical or similar goods and/or services. If the conditions of this subparagraph are met, the remedies provided for in paragraphs (2) to (5) are applicable.

4.2 *Subparagraph (b)* is applicable irrespective of the nature of the goods and/or services to which the conflicting mark applies. The remedies provided for in paragraphs (3) to (5) are only available if at least one of the conditions set out in item (i) to (iii) is met. Where protection is to be granted against the registration of, for example, a conflicting mark which has not yet been used, the conditions of items (i) to (iii) have to be applied as if the conflicting mark had been used, as indicated by the words “would” and “is likely to be.”

4.3 *Item (i).* Under this item, a connection between a well-known mark and a third party’s goods or services may be indicated, for example, if the impression is created that the owner of the well-known mark is involved in the production of those goods, or the offering of those services, or that such production or offering was licensed or sponsored by him. The interests of the owner of the well-known mark could be damaged if the goods and/or services with which the connection is established have a down-market image, thereby reflecting negatively on the goodwill of the well-known mark.

4.4 *Item (ii).* This item would apply, for example, if the use of a conflicting mark is likely to impair or dilute in an unfair manner the unique position of a well-known mark in the market. A further example of dilution is where the conflicting mark is used on goods or services which are of an inferior quality or of an immoral or obscene nature. The meaning of the words “in an unfair manner” implies that third-party use of a well-known mark which is not contrary to honest commercial practice (e.g., reference to a well-known mark for review or parody) does not constitute dilution.

4.5 *Item (iii).* The case referred to in this item differs from the cases covered by items (i) and (ii) in that no wrong connection concerning the real source of the goods and/or services is indicated (as in item (i)), and the value of the well-known mark has not diminished in the eyes of the public (as in item (ii)), but rather the use in question would, for example, amount to a free ride on the goodwill of the well-known mark for the person who uses a conflicting mark. The reference to “unfair advantage” in this item is intended to give Member States flexibility in the application of this criterion. For example, reference to a well-known mark for commercially justifiable reasons, such as the sale of spare parts, is not unfair and, thus, should be allowed.

4.6 *Paragraph 1(c)* clarifies that rights which were acquired prior to the moment when the mark has become well known in the territory of a Member State would not be considered to be in conflict with the well-known mark. However, there is one important derogation from that rule, namely, when a mark was used or registered, or the application for its registration was filed, in bad faith.

4.7 *Paragraph (2).* The objective of this paragraph is to ensure that, where procedures for opposing the registration of a mark exist, owners of well-known marks would be entitled to oppose the registration of a mark which would be in conflict with their well-known mark. The possibility of oppositions against the registration of marks based on a conflict with a well-known mark gives an early opportunity for owners of well-known marks to defend their marks. The reference to paragraph (1)(a) limits opposition procedures to cases involving confusion. Consequently, cases of alleged dilution do not have to be dealt with in opposition procedures.

4.8 *Paragraph (3)(a).* Under this paragraph, the date of publication (rather than the date of registration) is included for the purposes of calculating the period during which invalidation procedures have to be accepted, because it is the earliest date on which the owner of a well-known mark can be expected to have received official notice of the registration of a conflicting mark.

4.9 *Paragraph (3)(b).* If procedures for the invalidation of the registration of a mark can be initiated *ex officio* by an office or a court, it is considered to be reasonable that a conflict with a well-known mark also be treated as a ground for invalidation (See also the preceding note).

4.10 *Paragraph (4)* provides the owner of a well-known mark with a further remedy, namely, the right to request an order from a competent authority to prohibit the use of a conflicting mark. Similar to the right to request invalidation procedures under paragraph (3), the right to request an order to prohibit the use of a conflicting mark is subject to a time limit of at least five years. However, in the case of use of a conflicting mark, the time period of at least five

years must be calculated from the moment from which the owner of the well-known mark had knowledge of the conflicting use. It follows that there is no obligation to prohibit the use of a mark which is in conflict with a well-known mark where the owner of the well-known mark has knowingly tolerated such use during at least five years.

4.11 *Paragraph (5) provides that any time limit which, under paragraphs (3) and (4), may be applicable in connection with the invalidation of a registration or with the prohibition of use cannot be applied if a mark was either registered (irrespective of whether it was registered in good faith or in bad faith) but never used, or registered or used in bad faith. As far as the former situation is concerned, this problem will, in most cases, be taken care of by provisions under national or regional laws stipulating that the registration of a mark which has not been used for a certain period of time becomes liable for cancellation. However, if a use requirement does not exist, a situation is conceivable in which a mark conflicting with a well-known mark had been registered in good faith but had never been used and had therefore not attracted the attention of the owner of the well-known mark. Paragraph (5) aims at avoiding the situation where the owner of the well-known mark is prevented from defending his rights by the time limits applicable under paragraph (4) or (5).*

4.12 In order to remedy cases of willful misappropriation of well-known marks, paragraph (5) also provides that any time limit that may be applicable under paragraph (3) or (4) does not apply in cases of bad faith. The second phrase of paragraph (5) sets out, for the purposes of applying that paragraph, the applicable test for determining whether a mark was registered or used in bad faith. As this provision is silent as to who bears the burden of proof for showing bad faith, this question is left to the applicable law. However, the mere fact that the defendant

acted in bad faith does not necessarily mean that the mark in question is in conflict with the well-known mark, or that the latter mark is actually well known in the territory concerned. The only effect of the presence of bad faith under this paragraph is that any time limit which otherwise could be applicable under paragraphs (3) and (4) may not apply.

Notes on Article 5

5.1 *General.* Article 5 sets out the remedies which Parties have to make available if a well-known mark is in conflict with a business identifier. This Article essentially consists of the same provisions as Article 4, but takes account of the special nature of business identifiers. The main differences between marks and business identifiers are that (i) marks distinguish goods and/or services, whereas business identifiers distinguish businesses, and (ii) the registration of marks is effected by national or regional authorities (trademark offices in most cases), whereas business identifiers may be registered by administrations which may vary from country to country, or not be registered at all.

5.2 As regards those parts of Article 5 which are identical with Article 4, reference is made to the notes on Article 4.

5.3 *Paragraph (2)* envisages business identifiers which are the subject of registration, for example as trade names. Thus “registration” under this paragraph means registration in a register of commerce or other register of that kind, usually not kept by a trademark office, or the registration of a domain name. If a business identifier is registered as a mark, Article 4 is applicable. “Cancellation” is used to indicate the difference between an invalidation of a trademark registration (see Article 4(3)) and a cancellation of the registration of a business identifier ordered by a competent authority.

5.4 *Paragraphs (3) and (4).* See note 5.2.

Notes on Article 6

6.1 *General.* The assignment of Internet domain names has led to conflicts between trademarks and domain names. In particular, the phenomenon of “domain name warehousing” or “cybersquatting,” i.e., the registration of well-known marks as domain names by unauthorized parties for the mere purpose of selling them to the owners of the respective well-known marks, has caused concern among owners of marks. [The World Intellectual Property Organization (WIPO) has convened an international process ("the WIPO Domain Name Process") to develop recommendations concerning the intellectual property issues associated with Internet domain names, including dispute resolution. The recommendations resulting from the WIPO Internet Domain Name Process will be made available to the new organization, the Internet Corporation for Assigned Names and Numbers (ICANN), that has been formed to manage the Internet Domain Name System (for detailed information, see "<http://wipo2.wipo.int/process/eng/processhome.html>"). General issues relating to the use of trademarks on the Internet are dealt with by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications.]

6.3 *Paragraph (1)(a).* The question of jurisdiction is deliberately not dealt with and is, consequently, left to the Member State in the territory in which protection is sought. Thus, the plaintiff in an action for the protection of a well-known mark against its registration as a domain name must establish that the competent authority has jurisdiction over the defendant in the territory in which the action is brought, as well as that the mark in question is well known in that territory.

6.4 *Items (i) to (iii)* describe the conditions under which a domain name is deemed to be in conflict with a well-known mark. *Item (ii)* refers to the case of misappropriation of well-known marks through registration as domain names, so called “cybersquatting.”

6.5 *Paragraph (2).* The remedies provided for in paragraph (2) are those which are the most appropriate in the situation at hand, namely the transfer or the cancellation of the infringing domain name. Following the relevant provisions in Articles 4 and 5, a request for cancellation or transfer must be made within a period which shall not be less than five years from the date of registration of the domain name.

6.6 *Paragraph (3)* stipulates an exemption to the time limit applicable under paragraph (2) in cases where a domain name was registered in bad faith.