

ExCo Hyderabad 2011  
Final draft resolution  
October 18, 2011

## **Resolution**

### **Question Q218**

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

---

**AIPPI**

#### **Noting that:**

AIPPI has previously adopted Resolutions regarding questions of use of trademarks, notably Resolutions on the following Questions: Q70, Q92A, Q95, Q164, Q168 and Q210.

#### **Considering that:**

The purpose of the use requirement is closely linked with the function of trademarks as signs used in the course of trade to distinguish goods or services of the proprietor of the mark from those of other undertakings: in order to exercise its function and merit protection, a mark must actually be present on the market. Additional purposes are also relevant, notably the need to keep the trademark registries free from unused trademarks so as to facilitate the acquisition of new trademarks.

In countries where trademark rights are acquired through registration, the issue of use to maintain protection arises after registration, whereas in countries where trademark rights are acquired through use rather than through registration, the requirement of use is inextricably linked with the acquisition of rights.

In order to maintain rights the mark must be used "as a mark". It should not matter that the same sign may also be protected as a trade name or by some other right, in particular because many trade names are also registered and used as marks, and many marks are used also as trade names.

In view of Article 5C of the Paris Convention a mark shall be deemed to be used even if the actual form of use departs from the form of the mark as registered, provided that the distinctive character of the mark is not altered.

Account must be taken of situations where the proprietor of the mark holds other similar registered marks, such as variations adopted over time.

According to Article 19 (2) of the TRIPS Agreement, use by third parties subject to the control of the trademark proprietor shall be sufficient to maintain trademark rights. More generally, use by third parties is sufficient to maintain trademark rights if the use is authorized by the

proprietor; typical cases of such authorization are the use by a licensee or by related companies.

Due consideration must be given to jurisdiction where the use by third parties in order to be recognized requires the exercise of control of the quality of the goods or services by the proprietor.

Where a mark is used only for some of the goods or services for which it is registered, account must be taken of the interests of the proprietor in not unreasonably restricting a further extension of the use, as well as of third parties, which should not be unduly restrained in acquiring new marks.

The territory includes all areas within the jurisdiction of the country or region, without prejudice to any applicable international agreements.

Use in the course of trade includes situations where goods or services are provided free of charge or not-for-profit, such as by charitable organizations.

The nature of use differs between trademarks and service marks. Whereas for the former use must be in relation to the goods, use of service marks is of a different kind because of the intangible character of services.

The burden of proof of use should ultimately be on the proprietor of the trademark, without prejudice to the procedural requirements applicable to the raising of absence of genuine use as a defense or as a claim when seeking to invalidate a registered trademark.

Where registration of trademarks is available without prior use, a "grace period" applies after the expiry of which the sanctions in case of absence of genuine use apply. The same grace period applies when the use has been interrupted. The minimum duration of such grace period must be three years, in accordance with Article 19 (1) of the TRIPS Agreement, and should not be longer than five years, which provides a proper balance between the interests of proprietors of registered trademarks and those seeking to obtain new trademarks.

Where the grace period has expired and use has begun or was resumed thereafter, such use has the effect that the mark can no longer be challenged on grounds of absence of use. This is without prejudice to the application of rules on abandonment.

The "re-validation" does not apply when the validity of the mark on grounds of absence of genuine use has been properly challenged. The applicable law should determine the notion of "proper challenge", such as the need to initiate formal proceedings to obtain cancellation of the mark.

Due regard should be given to the rights acquired by third parties, for example through registration of a trademark, in a period when an earlier trademark was subject to cancellation on grounds of absence of genuine use.

Justification of absence of genuine use must be available in accordance with Article 5C (1) of the Paris Convention and Article 19 (1) of the TRIPS Agreement. A typical example of "valid reasons" are ongoing administrative authorization or certification procedures, extending beyond the grace period, for example those necessary before bringing medicinal products or chemicals or any other product needing government authorization on the market.

Persons asserting the absence of genuine use must be able to bring an action for the removal of the mark from the register or challenge the absence of use in the respective administrative and judicial proceedings. The defendant in an infringement action should be

entitled to raise the issue of non-use, either as defense or by way of a counterclaim or by way of a separate claim before the competent authority.

**Resolves:**

**1. Genuine use: Principle**

The rights to a trademark should only be maintained if the mark is put to genuine use, subject to a reasonable grace period.

**2. Use as a mark**

In order for the use to be recognized, the use must be made as a mark distinguishing goods or services as to their origin. Whether the actual use is use as a trademark should, inter alia, depend on the perception of the public to which the mark is addressed. To assess whether a sign is used as a mark, it should not matter whether or not this sign is also used as another distinctive sign, such as a trade name.

**3. Use of variations**

The use of a mark which differs from the registered mark must be recognized as sufficient use of the registered mark if the differences between the used and the registered mark do not alter the distinctive character of the mark. The evaluation of whether or not the differences alter the distinctive character will depend on a case by case analysis. Where the proprietor has registrations for a number of similar marks, and is using a variation mark, the maintenance of rights in each of the registered marks must be evaluated by comparing each to the variation mark that is in use, regardless of whether the variation itself is also registered.

**4. Use by the proprietor or with his consent**

The mark must be used by the proprietor or by third parties with his consent, such as by licensees or related companies.

Where, under applicable law, use by a licensee or any other third party may be authorized by the proprietor without the requirement of control over the nature and quality of the goods or services of the user, the use made by the third party should be attributed to the proprietor.

Where, under applicable law, use by third parties is authorized only if the proprietor exercises control over the nature and quality of the goods or services of the user, use by the third party should be attributed to the proprietor only when such control is actually carried out.

Use by a licensee should be attributed to the proprietor regardless of whether or not the license is registered.

**5. Use for the goods or services for which the mark is registered**

The mark must be used for the goods or services for which it is registered.

Where the mark is used only for some of the registered goods or services, the mark should not be maintained for the goods or services for which it has not been used. However, where there has been use for a specific product or service in a broader category of goods or services, a properly restricted broader category should be recognized.

## **6. Territory**

The mark must be used in the territory for which it is protected. The territory includes customs-free zones. No minimum territorial extent should be required.

Export of goods or rendering of services from the territory should be recognized as use in the territory.

## **7. Use in the course of trade**

The use must be made in the course of trade, which excludes private use and purely internal use.

Making available goods or services for free or not for profit should not exclude the use from being recognized as use in the course of trade.

## **8. Genuine use**

Only use which is genuine is sufficient to maintain trademark rights. The genuineness of use must be judged by taking into account all the relevant circumstances of the case, which include inter alia the nature of the goods or services, the size of the undertaking using the mark, and the market for the goods or services. Where it is established, in view of all the facts, that the use is made to establish or maintain a presence on the market, it should be held to be genuine. In this respect, no minimum threshold should be established. However, if the use is made merely to protect or obtain a registration ("token" or "sham" use), it should be disregarded.

Genuine use may be found when a trademark is used on or in relation to the goods for which it is registered. In judging the genuineness of use of a service mark, the nature of the services should be taken into account. Use in advertising should also be recognized if a sufficient relation with the goods or services is established.

## **9. Proof of use**

When proof of use is required, the trademark proprietor should bear the burden of proof.

All available evidence admissible in administrative or judicial proceedings should be admitted to prove use in the respective proceedings.

## **10. Grace period**

A reasonable grace period should be provided before a mark becomes liable to sanctions on grounds of non-use. The grace period should be at least three years and should not be longer than five years.

Beginning or resuming use after the expiry of the grace period and before validity of the mark is properly challenged should "cure" the defect arising from the absence of use.

The re-filing of application for registration of unused marks, during or after the expiry of a grace period, should be allowed, provided that it is not in bad faith.

## **11. Justification of non-use**

The trademark proprietor must be allowed to justify the absence of genuine use. In judging whether the grounds invoked by the proprietor constitute "valid reasons" for the absence of use, all relevant circumstances should be taken into account, for example the need to obtain

authorizations for the marketing, to the extent that the circumstances are beyond the control or sphere of the trademark proprietor.

## **12. Challenge**

Any person, subject to the requirements of the respective legal system, must be entitled to seek cancellation of a mark that has not been genuinely used.

Where a jurisdiction provides for an administrative opposition or invalidation procedure on the basis of earlier trademarks, the applicant or proprietor of the contested mark should be entitled to invoke the absence of genuine use of the earlier mark, which should lead to the proprietor of the earlier mark being required to prove genuine use.

In infringement proceedings the defendant should be able to invoke the absence of genuine use, either as a defense or by way of a counterclaim.

