

Opposition and Cancellation Standards and Procedures Subcommittee
INTA Enforcement Committee

Report and Recommendations:

Partial Cancellation Actions Based on Non-Use

June 2011

I. Introduction

The Opposition and Cancellation Standards and Procedures Subcommittee was charged with analyzing non-use cancellation actions in selected jurisdictions where the mark is used on some but not all of the goods and services covered in the registration and determining whether harmonization or standardization is possible or should be encouraged. This report summarizes and analyzes the Subcommittee's findings on this issue and sets forth its conclusion that INTA should encourage and promote the availability of mechanisms for third parties to remove goods and services from the scope of existing trademark registrations when the registration owner has not used the mark with those goods or services.

For the purposes of this report, "partial non-use cancellation" means removing certain goods or services from the scope of protection of a trademark registration where a third-party establishes that the owner of the registration has not used the mark with those goods or services, while maintaining protection for those goods and services with which the trademark has been used. In other words, partial non-use cancellation means a reduction or limitation of the list of products or services comprised in the registration, eliminating those in respect to which the mark has not been used.

In performing the task, this subcommittee took into consideration the reports of previous INTA committees and subcommittees, as follows:

- "Use-based Trademark Rights Task Force" ("2003 Report"), which conducted a survey in which INTA members were asked to identify the advantages and disadvantages of three types of systems with varied use requirements;
- "Use-Related Requirements For Issuance And Maintenance Of Trade Mark Registrations" ("2005 Report"), which analyzed advantages and disadvantages of use-based trade mark registration systems in light of INTA's goal to promote harmonization of trade mark law and practice;
- "Part Cancellation Report" of Europe & Central Asia Subcommittee of the Legislation and Regulation Committee ("2009 Report"), which compared the various approaches of the competent trademark offices or courts with respect to the requirement to provide evidence for genuine use in trademark proceedings.

The Subcommittee also considered existing INTA policy statements regarding use requirements as described, in particular, in INTA's Model Law Guidelines (last revised Nov. 2007) (see the discussion in Section III of this report). These documents are available from the INTA web site and are attached as **Appendix A** to this report.

The Subcommittee members who contributed to this report include Orlando Cardoza, Todd Deveau, Peter Eriksson, Tanya Indra Escamilla Lujan, Wiebke Gorny, Pavel Gorokhov, Katherine Keating, Hung Nguyen, Anita Polott, Dafne Ramos Samanez, Pamela Rask, Christopher Schneider, Ana Vargas, Romain Viret and Michael Zuck.

II. Initial Research

As a starting point, the Subcommittee surveyed attorneys from 71 countries¹ to determine specific differences among non-use cancellation proceedings, harmonization or standardization of which may be desirable. We asked representatives from each country/region to provide us with some general comments about non-use cancellation procedures in their countries. To enable us to more fully understand and compare non-use cancellation proceedings we also researched the INTA on-

¹ For the purposes of this survey, Belgium, The Netherlands and Luxembourg are considered as three separate countries.

line Country Guides and Opposition Guide. Our main findings are summarized below and are set forth in detail in the chart attached as **Appendix B** to this report:

Are non-use cancellation actions available in your country?

Almost all the surveyed jurisdictions allow non-use cancellation actions. The only jurisdictions identified as not allowing non-use cancellations are Chile, Monaco and Uruguay.

What are the legal requirements?

Most of the countries (45) allow challenging trademark registration on non-use grounds where the trademark has not been used for five successive years. These countries are: Argentina, Austria, Bahrain, Belarus, Belgium, Bosnia and Herzegovina, Costa Rica, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, El Salvador, Estonia, the European Union, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kenya, Latvia, Lithuania, Luxembourg, Malta, Montenegro, Morocco, the Netherlands, Poland, Portugal, Moldova, Romania, Senegal, Serbia, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Switzerland, Turkey, the United Kingdom and Uzbekistan. As is evident, a five-year non-use grace period exists in practically all European countries.

Some jurisdictions (22) provide for a shorter non-use grace period - of three successive years. Those countries are: Canada, China, Colombia, Cuba, the Dominican Republic, Ecuador, Honduras, Indonesia, Israel, Japan, Kazakhstan, Kyrgyzstan, Mexico, Nicaragua, Oman, Peru, Korea, Russia, Taiwan, Trinidad & Tobago, Ukraine and the USA.²

What is the Authority in charge of the procedure?

In 27 countries non-use cancellation actions are reviewed by the courts. In 32 countries they are reviewed by the Registrar, national PTO, or similar administrative authorities. Nine countries provide for both legal and administrative procedures.

What evidence is required from a claimant?

In 30 countries it is required that a claimant prove lack of use of a trademark. This number includes those countries where it has become customary in practice to file such evidence even though the claimant is not formally required to supply it.

In 19 countries the claimant is required to prove a legitimate interest in the cancellation of a trademark. This number includes those countries whose survey respondents did not specifically mention such requirement, but where the law requires the claimant to be an “interested person.” Hence, we assume that the claimant in these countries is likely to be required to prove its legal interest. The interest may be an activity linked to the products or services covered by the trademark (like in France), or the claimant may suffer from the respective registration (e.g., the Trademark Office cites the other mark as an obstacle against the claimant’s application), as in Finland.

We did not analyze this issue in detail since it appears to be beyond the primary objective. However, our research shows that in 25 of the researched countries, the claimant is not required to file any kind of evidence, as the burden of proof is placed on the owner of the registration. We came to the conclusion that the results show different approaches in different countries with regard to evidence from the claimant. The matter may call for more detailed analysis of whether harmonization or standardization is possible as to evidentiary burdens, and, if so, whether it should be encouraged.

² In the United States, this non-use grace period is part of the “intent-to-use” trademark application process, through which an application can be maintained for up to three years following Patent and Trademark Office (“PTO”) approval.

What evidence is required from the defendant?

The scope of required evidence differs from country to country. But common to all the jurisdictions is that defendants are required to prove use of a trademark or to demonstrate valid reasons for not using a trademark.

Are partial cancellations available in your country?

The vast majority – 60 – of the researched countries allow partial cancellations of a trademark.

At the same time, we identified six countries where partial cancellations are not allowed. These countries are:

- **Argentina** (*"The cancellation will not take place if the registered trademark has been used to cover goods in a different class than the one for which it was originally registered or if the trademark is partially the name of an activity"*).
- **Bahrain** (*"Bahrain law mentions nothing about the partial cancellation based on non-use"*).
- **Egypt**.
- **Kenya** (*"There is no provision under Kenya Law for partial cancellations"*).
- **Mexico**.
- **Sri Lanka**.

In these countries, the trademark registration is either cancelled due to non-use completely, or is upheld completely. As it follows from the search results, generally the owner is obliged to demonstrate use for some of the products listed in the registration certificate, and the registration is upheld in its totality if the owner uses the trademark for at least some of the goods for which it was registered.

In Argentina, use of a trademark – even in the classes other than those in which the respective trademark had been registered – is sufficient to maintain the trademark registration. This provision appears from the Argentine Trademark Law which dates back to 1981. Our survey respondents were unanimous that a reform on partial cancellation actions in Argentina is desirable.

Mexico is not a "multi-class" registration country. Each application/registration covers a single class and exists independently from the owner's companion applications/registrations for the same mark in other classes. Use of the mark for any of the goods or services listed in a particular class is sufficient to defeat a non-use cancellation action, even if the registration owner has not used the mark with any of the other goods or services listed in that class. Further, the Mexican Law of Industrial Property establishes that if a trademark is registered to protect determined goods or services (with different registrations), the renewal and use of the mark of one registration (in one Class) will benefit the use of the other registrations of the same mark (in other Classes).

In Sri Lanka, cancellation proceedings can be brought in respect of part of the goods/services claimed under a mark, based on absolute grounds and relative grounds. The law does not stipulate similar possibility for non-use cancellation proceeding.

It is interesting to note that in some countries (like Bahrain and Kenya), partial non-use cancellations are not practiced – not for the reason of being contrary to local law, but simply because the local law mentions nothing about them.

Initially, we have included Bosnia and Herzegovina in the above list of countries, for the reason that the present Industrial Property Law of Bosnia and Herzegovina does not refer to a possibility for the partial non-use cancellation action. However, further research indicated that the Trademark Regulations of Bosnia and Herzegovina anticipated the possibility of partial non-use cancellation, and, in fact, partial non-use cancellation actions are now possible. Moreover, on January 1, 2011, a new Trademark Law took effect in Bosnia and Herzegovina, providing that a trademark registration may be revoked in its totality or only partially (for some of the goods/services) if, within a continuous period of five years from its recordal in the Trademark Registry or from the date of its last use, the mark has not been put to genuine use in Bosnia and Herzegovina in relation to the goods or services with which it is registered, provided there are no justified reasons for non-use.

Where partial non-use cancellation is not allowed (either because non-use for a particular good or service in a class will result in cancellation of the entire class or registration or because use for any single good or service will suffice to maintain the entire class or registration), we have not traced any apparent link between the absence of partial non-use cancellation proceedings with either length of non-use grace period, authority in charge of the procedure, or evidence required from claimant. Our findings for those six jurisdictions where partial cancellations are not allowed are described below:

Country	Non-use grace period	Authority in charge of the procedure.	What would be the evidence required for the claimant?	What would be the time estimate for a non-use cancellation action?
Argentina	5 years	Court of Law	No evidence is required.	3 years.
Bahrain	5 years	The Trademark Department.	Proof of non-use + legal interest.	2 years.
Egypt	5 years	The Egyptian competent Court	Proof of non-use + legal interest.	5 years.
Kenya	5 years	The Register of Trade Marks; or The High Court of Kenya.	Proof of non-use + legal interest.	2 years.
Mexico	3 years	Mexican Industrial Property Institute	No evidence is required.	8 months
Sri Lanka	5 years	The Commercial High Court	Proof of non-use + legal interest.	3 years.

III. Related INTA Policies

INTA's Model Law Guidelines (last revised Nov. 2007) do not address partial non-use cancellation in any detail, but does include a provision for non-use cancellation, as follows:

“trademark registrations should be capable of cancellation at the application of any person if they are not used at any time within a continuous period ... after the date when all procedures for registration of that mark have been completed” (p.1.2.).

Moreover, point 1.4 of INTA's Model Law Guidelines provides that:

“the use must be actual and bona fide use in the course of trade for the goods or services in respect of which the mark has been registered”. The Rationale for such proposal is that “only genuine, commercial use should be sufficient to sustain a trademark registration and that bad faith and token use should not be adequate to sustain a trademark registration.”

INTA policy favors cancellation of registrations not used at any time within a continuous period of specified duration. INTA's position revolves around the concept that registration should be available to protect marks actually used in commerce. Only genuine commercial use should be sufficient to sustain a trade mark registration. Bad faith or token use should not be adequate.

This Subcommittee concludes that INTA's position that only genuine commercial use should be sufficient to sustain a trade mark registration implicates genuine commercial use for each of the goods or services for which the trademark was registered. Accordingly, genuine commercial use should be sufficient to sustain a trade mark registration **only** for those goods or services for which such use has occurred. If the trademark was registered for the goods of Classes X and Y, but there is no genuine commercial use for the goods of Class Y, there is no ground to accord registration-based privileges and protections for the goods listed in Class Y (though protection for the goods listed in Class X may continue). Similarly, if a trademark was registered for goods A, B, and C in a particular class, but there is no genuine commercial use for goods A and B, there is no ground to accord registration-based privileges and protections for goods A and B (though protection for good C may continue).

At the same time, where a registration owner has made genuine commercial use of the mark in connection with one or more particular goods and services listed in a registration, cancellation of the entire registration due to lack of use with other goods or services listed in the registration seems overly harsh. The Subcommittee concludes that registration owners should not have to bear the risk of losing the privileges and protections for a registered mark in connection with goods and services for which the mark has been used, even if it has not used the mark with other goods and services listed in the registration.

Providing mechanisms for partial non-use cancellation achieves these goals.

IV. Purpose and Benefits of Harmonization

A major goal of INTA is to promote greater harmonization in trademark law and practice around the world. The Strategic Plan approved by the INTA Board of Directors in October 2001 calls for the organization to “develop and advocate a vision for harmonization of trade mark laws and procedures.”

The 2005 Report did not address partial non-use cancellation in any detail but recommended “continuation of INTA's support for harmonization with respect to post registration non-use as grounds for cancellation of a registration.”

As a general matter, the uniformity provided by harmonization results in benefits to owners and the marketplace in the nature of simplicity, clarity and certainty. When the rules are the same, trade mark owners may anticipate the law and procedure with greater accuracy and certainty, and expectations are thus more likely to align with reality. To the extent that trade mark owners are not faced with differing substantive or procedural requirements in different jurisdiction, i.e. to the extent that substantive trade mark law and procedure is similar in every jurisdiction, harmonization of laws establishes familiar requirements, increases certainty and facilitates protection of rights by trade mark owners around the world.

Harmonization is particularly desirable when the overwhelming majority of jurisdictions have already adopted one system. Harmonization is rendered easier when only a few countries must amend their domestic laws (or, as in some countries as described above, to amend practices relating to implementing or enforcing existing law). The Subcommittee's data compilation reveals near harmony of use requirements: over 90% of the countries covered by the compilation allow partial cancellation of registration. Thus, harmonization of the requirements for partial cancellation of registration would require either a change to allowance of partial non-use cancellation in less than 10% of the countries or a change to non-allowance of partial non-use cancellation in over 90% of the countries.

In its research of the consequences associated with changes in use requirements, the Subcommittee considered the 2005 Report's case study on experience implementing changes in Ukraine, where the provisions for termination due to non-use were changed to allow for partial termination. On May 22, 2003 the Verkhovna Rada of Ukraine brought changes to the Law of Ukraine "On Protection of Rights in Trademarks and Service Marks." The indicated amendments were introduced in view of Ukraine's effort to join the WTO and to harmonize the effective legislation in the intellectual property sphere with the provisions of the TRIPs Agreement. In particular, a non-use action was allowed to involve a whole or partial termination of a trade mark certificate due to non-use:

Implementation of the new possibility of partial termination was not burdensome or costly for the Ukraine authorities. In the event of a partial termination, the Trade Mark office procedures are as follows: issue an appendix to the certificate showing only the goods that were not terminated, enter the information in respect of the partial termination (and the goods still covered by the registration) into the registry records, and publish the same information in the Official Bulletin. In order to implement these procedures, it was not necessary to provide any particular training. (2005 Report, p.6.3.7)

Based on the Subcommittee's factual findings and analysis, our opinion is that harmonization with respect to partial non-use cancellation is possible and should be encouraged.

V. Conclusion

The survey results show that the vast majority of jurisdictions allow partial non-use cancellations. But still there remain some jurisdictions where partial non-use cancellations are not allowed, or they are not mentioned/described in the local law(s) and hence not applied by the relevant authorities. Both approaches have advantages and disadvantages. On the one hand, prior trademark owners may benefit from the absence of a possibility of partial non-use cancellation, as far as use of a trademark for only some goods allows them to maintain their trademark registrations in totality. On the other hand, such an absence may restrain competition, preventing new owners from entering a market of dissimilar goods with their trademarks. Also, impossibility of partial cancellation may allow a trademark squatter to block a trademark for goods that he does not offer and for which he has no apparent interest.

We opine that the impossibility of partial non-use cancellation runs counter to the fundamental sense of the trademark idea, that the ultimate reason for trademark protection is the function of distinguishing goods for which the trademark is used from others. It makes no economic sense, therefore, to protect trademarks by registration without imposing the obligation to use them. Unused trademarks are an artificial barrier to the registration of new marks (see WIPO Intellectual Property Handbook: Policy, Law and Use).

We also opine that the impossibility of partial non-use cancellation runs counter to INTA's Model Law Guidelines which, though they do not address partial non-use cancellation in any detail, nevertheless recommend that registration should be available only to protect marks actually used in

commerce, and that only genuine commercial use should be sufficient to sustain a trademark registration.

After due consideration, the 2010/2011 Opposition and Cancellation Standards and Procedures Subcommittee concludes that partial non-use cancellation procedures are preferable and harmonization of detailed procedures with respect to this issue should be encouraged. It is recommended that trademark registrations should be capable of cancellation at the application of a third person if they are not used within a specified continuous period. It is further recommended that where a trademark registration covers multiple goods/services, the registration owner should not be allowed to maintain the registration for those goods/services with which the mark has not been put to genuine use after a reasonable period.