

Online Trademark Use

Introduction

Your client operates a website and sells goods from the website in association with a trademark. The client asks you whether it is entitled to obtain a trademark registration in countries outside your country as a result of its online business. How do you deal with this issue? What questions need to be considered to determine your client's entitlement?

Trademark Use

The concept of trademark use is fundamental to modern trademark law within the European Union, the US and Canada and elsewhere. While trademark use typically involves use of a mark to denote the origin of goods or services, there is no universally accepted global definition. The meaning of the term depends on the relevant national legislation and the context of the enquiry.¹ While online trademark use should be treated in the same fashion, the application of the relevant legislation is more difficult as a result of the territorial nature of trademarks and jurisdictional issues.

The Importance of Trademark Use

Trademark "use" is of fundamental importance since rights are generally determined by it. For example:

a) it is necessary to use or intend to use a trademark before a registration can be obtained;

¹. See generally *Trademark Use* edited by Jeremy Phillips and Ilanah Simon, Oxford University Press.

- b) the date of first use can determine priority in the country in which the application is filed;
- c) a registration typically gives to the owner the exclusive right to the use of the mark in that country in association with the wares or services set out in the registration;
- d) use is typically required to be shown in order to maintain a registration and, in particular, when the registration is subject to cancellation proceedings; and
- e) the trademark owner must generally show that it has used its mark and the defendant has used this mark or a confusing mark in order to be successful in an action for infringement.

International Conventions and Agreements

There are a number of international conventions or agreements relating to the protection of intellectual property, which affect the applicable laws in countries which have ratified the conventions or are a party to the agreements.

The Paris Convention for the Protection of Industrial Property² is designed to strengthen the protection of industrial property among its members mainly relating to patents, trademarks, and industrial designs. The countries to which this Convention applies constitute a Union for the protection of industrial property. National treatment and priority rights are made available to applicants from member countries. The conditions for the filing and registration of trademarks are determined in each country of the Union by domestic legislation.

². As revised at Stockholm on July 14, 1967 and as amended on September 28, 1979.

The countries of the Union are also bound to assure to nationals of other countries of the Union effective protection against unfair competition.

Numerous countries are a party to the Agreement that established the World Trade Organization (WTO) and have adopted the Agreement on Trade-Related Aspects of Intellectual Property Rights, including trade in Counterfeit Goods (TRIPs). TRIPs provides for standards or minimum levels of protection and enforcement of intellectual property rights, which member countries must implement. Members are required to enact legislation providing mechanisms for the enforcement of rights,³ including civil, criminal and customs procedures.⁴

TRIPs requires, among other things, that Members comply with the Paris Convention.⁵ One of the fundamental principles of TRIPs is national treatment; Members must make available to the nationals of other Members treatment no less favourable than it accords to its own nationals.

Any Member who feels that a benefit accruing to it directly or indirectly under TRIPs has been nullified or impaired, or that the attainment of an objective was impeded as a result of a failure of another Member to carry out its obligations under TRIPs, may invoke the dispute settlement provisions of GATT,⁶ and the 1994 dispute settlement arrangements. As a result a TRIPs dispute-settlement panel can enforce the provisions of TRIPs and the relevant Conventions.

Article 15(3) provides that Members may make registrability of a trademark depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. Article 16(1) states that the owner of a

3. TRIPs, Article 41.

4. TRIPs, Articles 42 -61.

5. Article 9.

6. TRIPs, Articles 63-64

registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.

Neither the Paris Convention or TRIPS contain a specific direction concerning the meaning of trademark use.

In 2001, the World Intellectual Property Organization ("WIPO") and the Assembly of the Paris Convention adopted a Joint Recommendation concerning Provisions on the Protection of Marks and Other Industrial Property Rights in Signs, on the Internet⁷ (the "Joint Recommendation"). The Joint Recommendation is intended to facilitate the application of existing laws relating to marks and existing laws relating to unfair competition, to the use of signs on the Internet.

The Joint Recommendation does not constitute a law for the Internet but is intended to guide the application of existing national industrial property laws relating to international trademark disputes concerning the Internet. The Joint Recommendation falls within the category of "soft law" and is an attempt to generate new international law norms. It is technically non-binding, but it is hoped that the Member States will follow it in practice.

Part II of the Joint Recommendation is directed to the use of a sign on the Internet. The Joint Recommendation provides that the use of a sign on the Internet shall constitute use in a Member State for the purposes of the Joint

⁷. The Joint Recommendation is currently being reviewed by WIPO.

Recommendation only if the use has a commercial effect in that Member State as described therein.

The Joint Recommendation lists factors relevant to a determination of whether a sign has a commercial effect in a Member State. The factors are non-exhaustive and are combined with a direction that all of the relevant circumstances be taken into consideration. The listed factors include whether the user is doing or planning to do business in a particular state, the level and character of commercial activity of the user in relation to the Member State, the connection of an offer of goods and services on the Internet with the Member State, the connection of the manner of use of the sign on the Internet with the Member State, the relation of the use of the sign on the Internet with the right in that sign in the Member State. Bad faith on the part of a user must also be taken into consideration.

Part III of the Joint Recommendation is directed to the acquisition and maintenance of rights in signs. Use of a sign on the Internet in a Member State, shall in every case be taken into consideration for determining whether the requirements under the applicable law of the Member State for acquiring or maintaining a right in the sign had been met.

Online Trademark Use

The explosion of the Internet and the rapid development of online commerce has raised new issues relating to online trademark use. As a result the Online Trademark Use Sub-committee of the Internet Committee has carried out a survey relating to online trademark use in a number of representative countries. The following questions were asked of local practitioners:

1. Is availability of goods over the internet considered use of the trademark?
If yes,...
2. Must goods available over the internet be purchased in the country?
3. Must goods available over the internet be directed towards consumers in the country?
4. Is it necessary to lead evidence of actual purchase of goods available over the internet?
5. Does mere advertising of a trademark over the internet without presence of goods or services in your country constitute use of trademark?
6. Must the advertising of goods over the internet be directed towards consumers in the country?
7. Does having a website constitute advertising (as opposed to only paid advertising)?
8. Is it possible to initiate an action for passing off / unfair competition purely on the basis of internet use?

9. Can internet use establish initial use to entitle registration (relevant for countries like the US where use is required for registration)?
10. Can internet use form a basis of protecting a registration from non-use?
11. Can internet use be sufficient to claim secondary meaning of a trademark and entitle it to registration?

The results have been summarized in chart which is posted at:

It should be noted that in some countries these issues have not been finally resolved by binding decisions of the courts.

Conclusion

Despite the absence of internationally agreed-upon direction or principles apart from the Joint Recommendation, the answers provided show some consistency of approach concerning online use. First, in virtually all countries, the potential availability of goods over the internet can be considered use of a trademark. While the vast majority of countries did not require an actual purchase in that country, there was a common requirement that goods available over the internet needed to be directed towards consumers in that country. This was typically expressed as a requirement that a website be specifically directed or targeted to the nationals of that country.

In the vast majority of countries, the operation of a website is sufficient to constitute advertising for the purposes of establishing trademark use.

With the exception of China, Russia and the Ukraine, it is possible to initiate an action for passing off/unfair competition on the basis of internet use.

In the countries in which it is necessary to establish initial use to obtain a registration, use on the Internet is sufficient.

With the exception of China, depending on the nature of the wares or services, Internet use can form the basis of protecting a registration from non-use.

With the exception of China and Israel and perhaps South Africa, in the countries where secondary meaning is relevant, Internet use is sufficient to claim secondary meaning of a trademark.

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