

INTA Emerging Issues Committee

Use-Based Systems Subcommittee

Report and Recommendation:

**USE-RELATED REQUIREMENTS FOR ISSUANCE AND
MAINTENANCE OF TRADE MARK REGISTRATIONS**

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1. Introduction to Questions Presented

1.0 Examination of Use Requirements for Registration. This subcommittee was charged with the following objectives for the 2004-2005 term:

1. *Examine the 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: continue the work of the previous task force of the Issues and Policy Committee.*
2. *Identify where harmonization is practical and if appropriate, prepare a Board resolution recommending uniform standards.*

1.1 Should Use be a Requirement for Registration? The subcommittee first studied the registration-related use requirements in various countries and identified four possibilities. The subcommittee also considered existing INTA policy statements regarding use requirements. (See the discussion in Article 7 of this report.) The resulting matrix set out in Appendix A matches existing policy with two of the possibilities and leaves open for consideration the possibility of use as a prerequisite for registration to issue and the possibility of registration as a requirement for renewal of a registration. (See the matrix in Appendix A.)

1.2 Should INTA Seek Harmonization of Use -Related Requirements for Issuance or Renewal of Registrations? As fulfillment of the subcommittee's responsibilities, this report addresses the following questions: Should use of a trade mark be a prerequisite to registration of the trade mark? Should use of a registered trade mark be required for renewal of the registration?

The primary question presented is whether INTA should seek harmonization of use-related requirements for registration?

2. Current Requirements and INTA Member Preferences

2.0 Summary of Member Preference Survey Results. In 2002, this subcommittee's predecessor, the "Use-based Trademark Rights Task Force," conducted a survey of members in which INTA members were asked to identify the advantages and disadvantages of three types of systems with varied use requirements. The purpose of the survey was to identify the members' preferences and determine whether INTA members generally shared a preference for one of the systems. The task force's 2003 report on the survey results is Appendix B to this Report.

2.1 Two of the survey questions asked members about use as a prerequisite to be met before a registration may issue and use as a requirement for renewal of a registration. A final question inquired as to whether members preferred systems requiring use for registration or systems not requiring use.

2.2 With respect to each system described in the survey, members recognized advantages and disadvantages. The survey revealed a consensus as to the pro's and con's of each system and the various use requirements. Interestingly, there was no clear preference for any one system. The most common response to the preference question was "no preference." A few respondents indicated a preference for their home country system. Thus, the only mandate provided by the survey respondents would be for the status quo of varied use requirements in different countries.

2.3 The 2003 report notes the operation of use requirements in conjunction with a variety of other, closely-related laws. The task force concluded that other laws are factors to consider in connection with an evaluation of use requirements and any selection of an appropriate system for harmonization.

2.4 The 2003 report concludes with recommendations for closer study of two points: a study of existing systems so as to identify the types of changes that would be required to implement harmonization; and study of recent efforts to change use requirements so as to identify the possible consequences of implementing the types of changes that might be necessitated by harmonization.

2.5 Picking up where its predecessor task force left off, this subcommittee acted on the two recommendations in the 2003 report described in paragraph 2.4 above. Paragraphs 2.6, 2.7 and 2.8 describe the subcommittee's study of current requirements to identify the changes that would be required to accomplish harmonization of use-related requirements for either issuance or renewal of registrations. See Article 6 below for two case studies of trade mark authority experiences with implementation of use-related changes.

2.6 Compilation of Use Requirements in 86 Countries. Set out in Appendix C to this Report is a compilation of the current requirements in 86 countries. With respect to each country, the compilation indicates whether or not use is a prerequisite to registration and whether or not use is required for renewal of registration.

2.7 The compilation reveals near harmony of use requirements: in over 90% of the countries covered by the compilation use is not a requirement for registration or renewal of registration. The only countries with any requirement of use for either or both registration or renewal are Argentina, Canada, Indonesia, Mexico, Philippines and the United States. Reference should be made to Appendix C for the particular requirements in each country.

2.8 Thus, harmonization of the requirements for registration and renewal would require either a change to a no use requirement in less than 10% of the countries or a change to require use in over 90% of the countries.

3. Purposes Served by Use Requirements for Issuance and Renewal of Registrations

3.0 Use Required for Issuance of Registration. The requirement of use for registration is generally premised on the desire to deter applications to register marks where there is no intention (or, no good faith intention in the U.S.) to make commercial use of the marks. This broad “purpose,” in its implementation, results in a number of specific effects which can be viewed as beneficial.

3.0.1 For example, the requirement of use arguably reduces the number of applications likely to be filed thus impacting the personnel and budget needed for the examination processes. Next, presumably, use-based applications are more likely to reflect the true commercial use of the marks (subject to the possibility of “token use”) and thereby make the applications a better basis against which third parties can assess their own proposed marks. The use requirement is also perceived to reduce the ability and likelihood of parties trying to warehouse marks for purposes of subsequent sale rather than for legitimate commercial use.

3.0.2 The use prerequisite also avoids a proliferation of registrations (albeit possibly registered in good faith) in the not uncommon situation where multiple marks were under consideration by an applicant for a particular product or service, and after one mark has been chosen for use, the other applications are simply allowed to issue -- thus “crowding” a trade mark register with arguable deadwood.

3.0.3 The examination process, and the quality and reliability of the subsequently issued registration, are also seen as improved where use requirements exist. The use requirement permits a more exhaustive examination in that it allows for the addressing of issues disclosed by the actual use or specimens of use (e.g. use in the manner of a mark rather than as a trade name, descriptiveness as to a characteristic or feature of a product, better assessment of the accuracy of the descriptions of the goods or the services, etc.). These circumstances also give competitors and the marketplace a truer sense of the trade mark rights reflected by the registration.

3.0.4 We note, however, the absence of examination on relative grounds in some countries -- and the possibility of eliminating examination on relative grounds -- which is the subject of study by a different subcommittee of the Emerging Issues Committee. A decrease in the instance of examination on relative grounds would impact some of the benefits derived from use requirements, including in particular the points discussed in paragraph 3.0.3 above.

3.0.5 Finally, from the perspective of the United States, the need for use to get a registration offers a comfort to commercial entities long imbued with the culture of the American common law, use-based system. There has also been a theory proffered (and criticized) that the use requirement minimizes constitutionality challenges to federal trade mark law by providing a basis for legitimate control and oversight by Congress. It has been further suggested that the use requirement enhances, or at least maintains, the deterrent effect of another provision of the federal law, which provides for an award of damages due to fraudulently obtained U.S. registrations.

3.1 Use Required for Renewal of Registration. The primary purpose of the requirement for proof of use to achieve renewal of a trade mark registration is to remove “deadwood” from the registers.

3.1.1 A use requirement to enable elimination of registrations where no sufficient commercial use has been shown by the registrant is arguably a relatively inexpensive and more effective process for clearing out “deadwood” registrations than the formal non-use cancellation proceedings.

3.1.2 For those countries where use is not required for registration, but is required for renewal (Argentina, Indonesia and Mexico), the use requirement offers a way for clearance of deadwood, but at the same time allows a substantial period of time for registrants to bring their products to market and to commence sufficient trade mark use.

3.3 Both of these use requirements serve to provide some control on the size of the trade mark register and to provide a register as a source of information that is more truly reflective of marketplace realities, all to the benefit of the marketplace, including to the benefit of competitors and junior-in-time adopters of marks who wish to avoid a likelihood of confusion.

4. Alternative Means of Serving the Purposes of Use Requirements for Registrations

4.0 Many of the countries that do not require use for registration and renewal provide other proceedings and means which serve the same purposes as the purposes discussed in Article 3 above.

4.1 Requirement of Use. The Trade Mark Acts of many countries include provisions according to which it is necessary to put a registered trade mark to genuine use within a certain period of time following the registration date or application date. If the registered trade mark is not put to genuine use, then it is subject to the sanctions provided for in the respective Trade Mark Act.

4.2 Cancellation Due to Non-Use. The Trade Mark Act in many countries includes a provision according to which the cancellation of a trade mark registration can be requested, if the trade mark does not fulfill the use requirements, i.e., if the trade mark is not put in genuine use after a certain period of time. Such cancellation actions may be filed irrespective of any actions initiated by the trade mark owner.

4.3 Cancellation as Counteraction. In countries where the Trade Mark Act provides a use requirement such as described in paragraphs 4.1 or 4.2 above, it is often possible to request the cancellation of a trade mark which has not been put in genuine use as a counterclaim to actions brought by the trade mark owner. Accordingly, the trade mark owner can only validly derive rights from its trade mark if the mark has been put in genuine use.

4.4 Contesting the Genuine Use of a Trade Mark. Some countries where the Trade Mark Act provides a use requirement such as described in paragraphs 4.1 or 4.2 above, provide in their laws that any party who is attacked by a trade mark owner can contest the genuine use of this trade mark during the respective procedure. For example, if the owner of a trade mark files an opposition against any third party and the opposing party's trade mark is subject to the use requirement, then the applicant can request from the opponent to prove or file evidence of genuine use of his trade mark. If the trade mark owner is not able to provide this proof or evidence, then the opposition cannot be successful.

4.5 The same challenge to the trade mark owner can be possible during court proceedings. For example, where a trade mark owner claims priority in a request for cancellation of a trade mark or request for an undertaking not to use an identical or similar sign, the defendant can request the trade mark owner's proof or evidence of genuine use of his trade mark if the mark is subject to a use requirement. If the trade mark owner is not able to provide the proof or evidence, then his claim cannot be successful.

4.6 The possibilities described in this Article 4 show that in countries where there is no requirement of use for registration or renewal, there exist other means by which the enforcement of a trade mark is prevented if the mark is not used after a certain period of time. Further, in most of the countries, there exists the possibility to have such a trade mark cancelled, either by request of any third party or through counterclaims in pending proceedings. This serves the purpose of providing some control on the size of the trade mark register and providing a register as a source of information that is more truly reflective of marketplace realities.

5. Purpose and Reasons for Harmonization of Trade Mark Law Generally

5.0 This subcommittee's compilation of the law in jurisdictions where trade mark rights are acquired through use and those where trade mark rights are obtained through registration has revealed that, except for a handful of jurisdictions including, most notably, the United States and Canada, use of a trade mark is not required to obtain a registration. (See the discussion of the compilation in Article 2 above. The compilation is attached as Appendix C to this Report.) The overwhelming number of jurisdictions do not require use in order to obtain registration of a trade mark. However, none of the relevant treaties require harmonization. Should the jurisdictions which require use of a trade mark prior to registration, be encouraged to amend their domestic trade mark legislation to remove the requirement for use prior to registration? Such a change would be made in the name of harmonization of trade mark laws.

5.1 The INTA Strategic Plan, in relevant part, proposes that INTA develop and advocate policies and positions on trade mark and related issues around the world, including developing and advocating a vision of harmonization of trade mark laws and procedures. That vision is not

articulated beyond the mention in the Strategic Plan. However, INTA's advocacy of harmonization is evident in the INTA policies discussed in Article 7 of this Report.

5.2 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.

5.3 The primary objective of trade mark owners is to secure meaningful, rapid and cost-effective protection for their trade marks in jurisdiction where their wares or services are likely to be offered. 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.

5.4 Harmonization is clearly a growing trend. Notable examples include efforts in Europe towards a European Community trade mark; harmonization efforts being undertaken in South America through MERCOSUR and in South East Asia through ASEAN.

5.5 Harmonization of trade mark law and procedures is believed to increase protection for trade marks and to facilitate and promote international commerce. Failure to harmonize laws constitutes a barrier to the free flow of trade and the commercial interests of trade mark owners. Thus, harmonization is pursued with INTA's efforts to encourage countries to join the Madrid Protocol and the move towards the adoption of the Trade Mark Law Treaty.

5.6 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.

6. Case Studies: Trade Mark Authority Experience Implementing Changed Requirements

6.0 Harmonization of laws of necessity mandates changes to the laws in those countries with non-conforming laws. The initial consequence of such a change falls primarily on the local authorities charged with implementation of the changed requirements. In its research of the consequences associated with changes in use requirements, the subcommittee considered potential burdens as described in the following paragraph, as well as case studies on recent experience implementing changes in Colombia, where a use requirement was eliminated, and Ukraine, where the provisions for termination due to non-use were changed to allow for partial termination.

6.1 Potential Consequences of Changing a Requirement. Although the general purpose of harmonization is to reduce the costs and burdens associated with variety, implementation of the changes required to accomplish harmonization can be costly and burdensome and is likely to affect both trade mark owners and trade mark authorities unequally, depending upon the extent of change required in each of their respective jurisdictions. The cost and burden of

implementing changes may include one or more of the following: additional fees and recordkeeping for new filings (such as filings associated with proof of use); additional registry staff; training required for registry staff to understand and administer changes; development of new forms and procedures; dissemination of information to trade mark owners and the public regarding the new system and any transition period; and notices and hearings required to enact and give effect to changes to the trade mark laws and regulations. Of course, not every change incurs all of these costs and burdens. Indeed, the elimination of use requirements is likely to reduce the registration-related burden on trade mark owners and authorities and to result in off-setting savings or reduced cost over time.

6.2 Colombia

6.2.1 This case study is intended to present the Colombian Trade Mark Office (CTO) experience implementing the elimination of to certain use requirements. The CTO constitutes an interesting case study, as Colombian trade mark regulations underwent two phases: almost 10 years ago, the use of a trade mark was a prerequisite for its renewal; currently, such prerequisite has been eliminated, and there is no need to prove the use of a trade mark to obtain its renewal or registration.

The information contained in this chapter is the result of consultations with the following top CTO officer: Dr. Gian Carlo Marcenaro, acting Superintendent of Industry and Commerce, Delegate for Intellectual Property. Such consultations were made in an attempt to understand (i) the reasons that led to the elimination of the proof-of-use requirement for trade mark renewals, and (ii) the implications for the CTO, from an administrative and economic standpoint, that resulted from the elimination of such requirement.

6.2.2 With respect to the reasons for eliminating the use requirement, the CTO officer's responses led us to conclude as follows:

- The elimination of the proof-of-use requirement for trade mark renewals was not due to administrative or economic reasons. Rather, Colombia simply joined the trend adopted by the other Andean Community countries (i.e., Bolivia, Ecuador, Peru and Venezuela), which is a trend toward not requiring the use of a trade mark as a prerequisite for its registration or renewal.
- The elimination of the proof-of-use requirement for trade mark renewals was concordant with the Civil Law system applicable in Colombia. Given that the general rule is that trade mark rights are acquired upon their registration rather than upon their use, it was considered that (i) if the law did not require the use of a trade mark for purposes of its registration, the use of such trade mark should also not be required for purposes of its renewal, and (ii) if the legislation granted no rights as a result of the use of a trade mark, such use should not be required as a requirement for renewal purposes.
- The proof-of-use requirement for trade mark renewals is not common on Civil Law systems, where use confers no rights upon trade marks. However, Civil

Law systems do provide for mechanisms such as trade mark annulment proceedings due to non-use before judicial authorities, or trade mark cancellation proceedings due to non-use before the relevant Trade mark Offices.

- The cancellation action on the grounds of non-use is provided in local legislation as a mechanism to prevent trade mark owners from indefinitely “sitting” on their trade marks. In many countries, including those which comprise the Andean Community, an action for the partial cancellation of a trade mark due to its non-use is also available. Such action constitutes an additional mechanism that allows that any trade marks that are not used in connection with certain particular goods or services become available in the marketplace for such goods or services.
- At the time when Colombian law required proof-of-use for renewal of a trade mark registration, an action for the cancellation of a trade mark due to its non-use was not available in Colombia. The Andean Community legislation elected to provide for a cancellation action due to the non-use of a trade mark, and such mechanism has proved to be effective to restore the availability of trade marks in the marketplace.
- Trade Mark Offices should not be responsible for “guarding” trade mark use; the entrepreneurs – by means of legal mechanisms such as the cancellation action due to non-use or other contractual means such as trade marks licenses and transfers – are the parties entitled to look after, and fight for, the availability of the trade marks of their interest.

6.2.3 Handling of proofs of use entails an increase in the administrative costs of Trade Mark Offices; during the period in which the CTO required proofs of use for renewal purposes, additional costs were incurred due to the need for such things as adequate premises to store the proofs of use, filing systems, and personnel to analyze the validity of such proofs. In turn, it is considered that the number of trade mark renewals dropped at that time, as it is presumed that only those holding effective proofs of use, elected to pursue the renewal process.

6.2.4 Whenever administrative costs in a Trade Mark Office increase due to changes in the law, official fees charged for industrial property cases generally increase proportionally. Increases in official fees in countries that are not strategic markets (which may include the Andean Community for some goods or services) result in a reduction in the number of trade mark registrations, thus jeopardizing the dynamics of lesser registrations and greater official fees to setoff budgetary deficits.

6.2.5 The elimination of a use requirement simplified the procedure for obtaining registration and did not require any new CTO expertise or other administrative costs.

6.2.6 No change of law is foreseen in the near future in Colombia or in the remaining countries of the Andean Community with respect to the use-requirement for trade mark

registration and renewal. The latest change of law occurred in year 2001, confirming that the use of a trade mark is not a requirement for its registration or renewal.

6.2.7 The latest information in possession of the CTO shows that most countries worldwide follow the principle whereby trade mark use is not a requirement for the registration or renewal thereof. (See, also, the discussion of this point in paragraph 2.6.) Likewise, the CTO holds information showing that most countries provide for a trade mark cancellation action with respect to trade marks that have remained unused for 3 to 5 years.

6.3 Ukraine

6.3.1 On May 22, 2003 the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Amending Certain Legislative Acts of Ukraine in respect of Protection of Rights of Intellectual Property” (the Amendment Law), which, in particular, brought changes to the Law of Ukraine “On Protection of Rights in Trademarks and Service Marks” (the Ukrainian Trade Mark Law). 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.

Emphasizing the use requirements and changes that were brought to the Ukrainian Trade Mark Law by the Amendment Law the following may be noted. As Item 14 of the Ukraine section of the INTA "Country Guides" publication states currently: *“Is there any advantage to using a trade mark before filing an application? - Ukraine does not recognize prior use”*.

However, the amended Ukrainian Trade mark Law reads in Item 6, Article 16 thereof *“Exclusive right of a [trade mark] certificate owner to prohibit others from using the owner’s registered trade mark without the owner’s authorization does not cover exercise of any right which has been accrued prior to the filing date of a [corresponding trade mark] application or, in case a priority was claimed, before the priority date of a [corresponding trade mark] application”*.

6.3.2 As it might be observed, certain prior rights to a trade mark are recognized by the current wording of the Ukrainian Trade Mark Law. However, the law does not enlarge upon which prior rights are concerned, and interpretation of the law through practice has not yet taken place in Ukraine due to insufficiency of such practice with respect to the above provision of the law. Theoretically, such prior rights may be referred to prior use of a trade mark or serious preparation for such use.

Further, the concept of use for filing and after registration as understood by the effective Ukrainian trade mark legislation may be drawn from Item 15 of the INTA “Country Guides” publication that says: *“For an application to be valid, are there any particular requirements that must be met? - No. Anyone using or having an intention to use the mark, directly or through licensees, may apply”*.

6.3.3 That is, in order to file, one does not have to prove use in any way. And this remains unchanged in the Ukrainian Trade Mark Law as amended.

6.3.4 Use is also not a prerequisite for registration.

6.3.5 However, non-use provisions exist, as described in Item 12 of the INTA Country Guides publication, the Ukraine section. *“Must a trade mark be used after registration, and what happens if a trade mark is not used? - A mark must be used within three years of the registration date. If not, the registration will become vulnerable to cancellation for nonuse. However, late use after the three-year term may restore registration, provided that in the interim no third party has filed a petition for cancellation”*.

6.3.6 Interestingly, the current wording of the Ukrainian Trade Mark Law has introduced certain amendments to the non-use provisions. In particular, now a non-use action (which is officially called termination rather than cancellation) may involve a whole or partial termination of a trade mark certificate due to non-use. It might be understood that currently a trade mark certificate may be terminated due to non-use partially with respect to certain classes of goods and/or services it covers, or even certain goods within the classes it covers, which was not envisaged by the previous wording of the Ukrainian Trade Mark Law. Also, the non-use section of the Ukrainian Trade Mark Law, Article 18 thereof, provides certain reasonable excuses for non-use, such as *“circumstances preventing from use of a mark, regardless of wish of the certificate owner, such as limitation of imports or other requirements to the goods and services established by the [effective] legislation”*. The current wording of the Ukrainian Trade Mark Law provides also a notion of use under control of the owner with respect to the non-use requirements. In particular, it states that *“for the purposes of this item, the use of a mark by other person under control on the side of the certificate owner shall also be considered as its use by the certificate owner”*.

6.3.7 Implementation of the new possibility of partial termination under Article 18 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. And, no fee is charged as these procedures follow a court decision on a non-use case. Any person may acquaint themselves with the registry records by requesting an official registry extract.

7. Related INTA Policies

7.0 Policy Favoring No Use Requirement for Applications. INTA has been instrumental in obtaining harmonization of certain requirements for filing applications around the world.

7.0.1 In conjunction with the World Intellectual Property Organization (“WIPO”) and member countries, in 1997 INTA expressed its support of the Trademark Law Treaty (“TLT”), which called for elimination of the requirement that an applicant claim or demonstrate actual use at the time of filing an application. INTA supported United States adherence to the TLT and favored

the implementing legislation. In urging the United States to adopt this approach, INTA worked toward harmonization of substantive trade mark law worldwide.

7.0.2 INTA's work, in conjunction with WIPO, to move closer to harmonization has resulted in the Trademark Law Treaty ("TLT") and the development of joint resolutions on various issues, consistent with TRIPS Article 15.3 which states "actual use of a trademark shall not be a condition for filing an application for registration."

7.0.3 These harmonization efforts have been careful to not prohibit the adoption, by individual countries, of provisions which would require a declaration of intent to use upon filing the application, or a demonstration of use as a precondition to registration, i.e. after application but before issuance of the registration, as a precondition to renewal or at some other stage of the registration process. To further the efforts of harmonization, INTA is actively supporting WIPO's proposed revision of the TLT.

7.1 Policy Favoring Non-Use Challenges to Registrations. INTA continues to support provisions for challenging issued registrations on grounds of non-use of the trade mark.

7.1.1 INTA policy favors cancellation of registrations not used at any time within a continuous period of specified duration. INTA recommends the continuous period be a minimum of three years and a maximum of five years after the date when all procedures for registration of the mark have been completed. The period in which continuous use should be established should begin once the trade mark owner has secured rights to the exclusive use of its mark through the issuance of the registration and the owner can sell goods under the mark without risk of infringement action.

7.1.2 INTA recognizes that its policy would extend, but is not inconsistent with, the TRIPS Article 15.3 requirement that "an application shall not be refused solely on the ground that its intended use has not taken place before the expiry of a period of three years from the date of application." The non-use period has been set at three to five years because five years is the standard in Europe as a result of the European Community harmonization directive.

7.1.3 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. INTA feels that any bona fide use in the course of trade on the goods and services in respect of which the mark has been registered should qualify, even if the use is only on goods or services exported out of the country in which registration is sought. Therefore, use of a trade mark on exports should also be considered use for the purposes of defending against cancellation on grounds of non-use.

8. Subcommittee Conclusions

8.1 Analysis of Question Presented. This report addresses the primary question whether INTA should seek harmonization of use-related requirements for registration. Based on the subcommittee's examination and study of various use-related requirements for registration,

including the survey results and research described in this report, and the discussions held via telephone conferences and at the 2004 Annual and Leadership Meetings, the subcommittee has identified the following factors:

- The subcommittee's 2003 survey of members revealed no mandate or felt need for harmonization of registration requirements with respect to use
- The subcommittee's 2004 compilation of current requirements revealed near harmonization, with most countries not requiring use for issuance or renewal of registrations
- In most countries applications for registration are now accepted without a requirement of prior use
- Adversarial proceedings for cancellation of a registration on the grounds of non-use serve the purposes of removing unused marks from registers and controlling the size of the registers, and more accurately reflecting the trade marks used in the marketplace
- Conversion from one system to another could impose costs and other burdens on the registry and could increase the costs and burdens imposed on trade mark owners. Some cost is inherent to most any change of the legal requirements for registration. Introducing a new use requirement for issuance or maintenance of registration in a country where use was not previously required, will impose new costs and other burdens on the registry and trade mark owners. Additional forms and procedures may be required. New expertise and additional personnel may be needed for the registry's review of use claims and increased examination activity. Owners will also bear the ongoing burden of compliance and any fee increase. On the other hand, as was seen in Columbia, the cost may be minimal to implement the change from a use requirement to no use requirement for registration. However, following such a conversion other financial burdens may be experienced by the authorities and trademark owners due to an increase in cancellation actions based on non-use and oppositions, and the additional personnel required to handle such actions.
- The inherent merits of harmonization may be outweighed by other factors.

8.2 Recommendation. Based on the research and analysis presented in this Report, and in consideration of the above-listed factors, the consensus of the subcommittee is against recommending harmonization of use requirements for issuance or renewal of registrations. The subcommittee recommends continuation of INTA's support of harmonization with respect to post registration non-use as grounds for cancellation of a registration.

Appendix A

INTA Use Requirements Policy Matrix

Use-Based Systems Matrix	Model Law Position	INTA Position	Proposed INTA Resolution
Use required prior to filing application to register mark	No requirement to demonstrate actual use prior to filing. (1.1)	INTA statement favoring no use requirement for applications (WPO mtg. 5/02)	
Use required prior to issuance of registration (is use required for some? or all? specified goods/services)			[Harmonization not recommended, see Article 8 of the report]
Use required for renewal of registration (is use required for some? or all? specified goods/services)			[Harmonization not recommended, see Article 8 of the report]
Use required for maintenance of registration/avoiding cancellation	Registration should be capable of cancellation for 3-5 years non - use post-registration. (1.2). But not where non-use results from circumstances arising independently of the will of the trademark owner. (1.3.1) Use on exports should be taken into consideration. (1.3.2)	INTA statement favoring use requirement 3 to 5 years after registration (WIPO mtg. 5/02)	

Appendix B

Subcommittee's 2003 Survey Report

Appendix C

Compilation of Current Requirements