

Use Requirements

Report on 2002 Survey of INTA Members

Use-based Trade mark Rights Task Force

Emerging Issues Subcommittee of the INTA Issues and Policies Committee

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1. Purpose and Benefits of Harmonization

1.1 INTA Support for Harmonization. A major goal of INTA is to promote greater harmonization in trade mark 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.” Although the Board has passed no separate resolution advocating harmonization as a general principle, a number of resolutions have favoured harmonization efforts in specific areas of law and procedure, such as the harmonization implement by the Trademark Law Treaty for which a resolution of support was approved by the Board in 1994.

As recently as May 2002, the stated INTA position at WIPO meetings has included an acknowledgment that harmonization’s “potential benefits to trade mark owners in terms of ease of obtaining, maintaining and enforcing trade mark rights are significant.” And INTA commented favourably on two use requirement suggestions before the Eighth Session of the WIPO Standing Committee: (i) there should be no requirement to demonstrate actual use at the time of filing an application for registration and (ii) registrations should be subject to cancellation if the mark has not been used at any time within a continuous period (minimum three years; maximum five years) after the date of registration.

1.2 General Purpose and Benefits of Harmonization. The goals of harmonization generally are to provide uniformity and the resulting benefits of simplicity, clarity and certainty. Where various systems have similar rules, a trade mark owner may anticipate the law and procedure with greater accuracy and certainty, and commercial players’ expectations are more likely to align with reality.

Where the rules vary from system to system, commercial players bear the increased burden and cost of compliance with varying or even conflicting rules.

The general purpose of harmonization is to reduce the costs and burdens associated with variety. However, implementation of harmonization schemes affects both commercial players and governments unequally, depending upon the extent to which harmonization requires change from the prior local law and practice. At least initially, benefits are not enjoyed uniformly.

2. **Description of Survey and Survey Respondents**

2.1 **Description of Survey.** In anticipation of global efforts to explore the possibility of harmonization in the area of use requirements, the Task Force was asked to consider use requirements in different systems. The survey developed by the Task Force seeks to identify the generally recognized advantages and disadvantages of three varied systems and to determine whether there is a general preference among INTA members for any one of those systems. (A copy of the survey is appended to this report.)

The questions selected for the survey do not cover every type of system. And, the survey does not seek to measure the need for harmonization of use requirements and does not explore the costs or consequences of implementing harmonization by imposing one of the three systems.

The survey focus is thus limited in scope and the results should be understood as a preliminary step toward a full exploration of the issue of harmonization in this area of trade mark law.

2.2 Selection of Survey Respondents. The aim of the survey was to select a representative sample of respondents from the INTA membership. The Task Force members endeavoured to select representatives from the following groups:

- i) key use-based and non-use-based countries, and countries which have some use-based requirements but where proof of use is not required for registration;
- ii) countries from each of the geographical regions - Africa, Asia, Europe, Middle East, Latin America; United Kingdom and other similar common law countries – Australia, Canada, New Zealand, South Africa; United States;
- iii) multi-national (global) corporations;
- iv) national or regional corporations;
- v) a range of product and service industries (food and beverage, footwear and apparel, pharmaceutical, new technology and software, consulting and professional services, electronics, motor vehicles, airlines);
- vi) law firms in each of the regions with multi-national trade mark portfolios; and
- vii) law firms in each of the regions that focus primarily on local trade mark prosecution.

2.3 Responses Received. Surveys were distributed to multiple INTA members in each of the groups described above. Responses were received from most representatives of the law firm associate members. It was more difficult to obtain responses from the trade mark owners in the various industry groups, although several members responded generously. Thus, the responses reported here should not be taken as a definitive sampling of INTA members.

3. Summary of Responses to Survey Questions 1, 2 and 3

3.1 Respondents were asked three questions relating to:

- i) obtaining trade mark rights without registration;
- ii) obtaining trade mark registrations without prior use of the trade marks;
- iii) retaining trade mark registrations without proof of use.

Respondents were asked to list the advantages and disadvantages of each system.

3.2 They were then asked as a fourth question whether they had an overall preference for any system and, if so, which one.

3.3 Question 1: system where trade mark rights may be obtained through use of a mark, without registration - respondents answered as follows:

Advantages:

- no registration costs or registration responsibilities
- protection available without formalities
- recognition of commercial reality and true proprietorship
- easier to avoid trade mark piracy
- better protection for the trade mark user

Disadvantages:

- more difficult and expensive to search for prior rights when clearing marks for use
- higher risk of inadvertently adopting another's mark
- more difficult to establish senior rights
- difficult to enforce rights without registration, and Customs Services will not intervene to seize infringing goods if there is no registration
- difficult to police where users can't be identified

3.4 Question 2: system where trade mark registration may be obtained without prior use of a mark – respondents answered:

Advantages:

- easier and less expensive way to obtain rights
- rights are preserved while preparing for use
- the trade mark owner can obtain protection for a new mark, thus giving confidence to launch the new mark

- enables businesses to plan ahead
- provides public notice of claims to proprietorship
- scope of protection can exceed actual use of the mark

Disadvantages:

- easier for unscrupulous companies to register other traders' marks
- the register becomes cluttered with registrations, which proprietors do not intend to use but others are precluded from using
- cluttered register hinders business development
- burden of administrative and cost increases as trade marks need to be registered, maintained and renewed

3.5 Question 3: system where trade mark registrations can be retained without proof of use of the mark – respondents answered as follows:

Advantages:

- simpler and cheaper to renew a registration
- easier to maintain a portfolio (especially in developing countries where it takes longer to introduce and establish a brand)
- trade marks are more easily registered, maintained and renewed

Disadvantages:

- clutters the register with marks that are not being used
- an honest intention to use the mark is not encouraged
- facilitates piracy and extortion

4. **Summary of Respondents' Preferences and Survey Results**

4.1 Question 4: overall preference for any of the three systems described in questions 1, 2 and 3 -- most respondents either did not express a strong preference, or opted for a modified version of one or another system.

- i) Several commented that because there were pluses and minuses for each system; they were unable to decide on a system preference among the three;
- ii) Some preferred the system in their own jurisdiction;
- iii) One respondent commented that the trend is for greater freedom, but this is not sensible if it generates chaos; and
- iv) One respondent from a multinational business stated a preference for a system that allowed registration without prior use but required use to maintain registration, so long as the system afford special protection to famous marks regardless of use.

4.2 Summary of Survey Results. The results of the survey indicate a consensus on the advantages and disadvantages of each type of system. The responses provide some evidence of preference for requiring use to maintain registration -- or at least consistent concern about the negative consequences of clutter on registries where use is not required. However, the respondents as a group did not indicate a clear preference for either use-based or non-use-based systems.

The survey did not ask for preference in the event of international harmonization. A supplemental survey might explicitly focus on use requirements in the event of international harmonization. Respondents could be asked to state their preference and to identify the positive and negative consequences of converting from use-based to non-use-based, and vice versa.

5. **Conclusions About Harmonization of Use Requirements for Registration**

5.1 All of the respondents gave similar answers to questions 1, 2 and 3. Regardless of the system in their home jurisdiction, or the preference they expressed in response to the fourth question, respondents were in agreement regarding the advantages and disadvantages of each system.

5.2 Most respondents stated no preference for a single system and no respondent expressed a preference for a system other than the one which applied to the jurisdiction in which they operated. Each system operates in conjunction with a variety of other, closely-related laws -- such as those relating to unfair competition or protection of famous marks. The Task Force concludes that other laws are also factors to consider in connection with selection of the appropriate system for harmonization.

5.3 Closer study of the implementation of harmonization in this area is needed to identify the types of changes that might be required in various jurisdictions due to differences between the existing system and the system imposed by harmonization and to identify and assess the consequences of implementing those changes, which are also factors to consider in connection with harmonization of use requirements.



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SURVEY RE: USE BASED TRADE MARK REGISTRATION SYSTEMS

On behalf of the International Trademark Association, please accept our thanks for taking the time to complete this survey. INTA generally supports the principal of harmonization of trademark laws around the world. One of the issues where trade-mark practices and procedures differ from country to country relates to the fact that some jurisdictions have use based trade-mark registration systems whereas other jurisdictions do not.

INTA is currently considering the perceived advantages and disadvantages of both systems. In that regard, INTA has prepared this survey. It is being sent to different constituencies in the trademark community, including law firms and corporations to various parts of the world. Please take a few minutes to complete this survey.

Name and contact information (optional):

What is the size of trademark registration portfolio you handle?

- 1 -10
- 10-100
- 100-1000
- 1000+

What countries are covered by the portfolio? (Check the boxes below or provide a list of countries.)

- United Kingdom and “British law” countries (e.g., Australia, Canada, South Africa and New Zealand)
- Europe
- Asia
- United States
- Latin America
- Africa
- Middle East



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Please respond to the following four questions:

1. In some countries, trademark rights may be obtained through use, without registration. Based on your experience with this approach,

- what are the advantages?

- what are the disadvantages?

- other comments?

2. In some countries, a trademark registration may be obtained without prior use of the mark. Based on your experience with this approach,

- what are the advantages?

- what are the disadvantages?

- other comments?

3. In some countries, a trademark registration may be retained without proof of use of the mark. Based on your experience with this approach,

- what are the advantages?

- what are the disadvantages?

- other comments?

4. Do you have an overall preference for any of these systems? yes/no. If so, which one?

- Rights may be obtained through use without registration
- Registration may be obtained without prior use
- Registration may be retained without proof of use

If you have any questions about this survey, please contact the sender, Susan Barbieri Montgomery, at 1-617-832-1222.

Please return the completed survey to the sender via email at sbm@foleyhoag.com, or fax at 1-617-832-7000, or mail at 155 Seaport Boulevard, Boston, MA 02210.