

## Standing Requirements in Connection With Non-Use Cancellation Actions

November 13, 2013

**Sponsoring Committee:** Opposition and Cancellation Standards & Procedures Subcommittee of the Enforcement Committee

### **Resolution**

**WHEREAS**, it is acknowledged that unused registered trademarks are an artificial barrier to the registration of new marks, thus restricting competition, and creating a cluttered Registry that does not accurately reflect the commercial reality;

**WHEREAS**, owners of registered trademarks are obligated to use their trademarks in commerce, and continued protection of trademark rights should only be available to marks actually used in this manner, subject to the rules and regulations as to allowable non-use periods (if any) in each jurisdiction;

**WHEREAS**, the availability of cancellation actions based on non-use of a registered trademark helps to maintain a clean and efficient trademark registry in order to facilitate a true reflection of the commercial reality;

**WHEREAS**, it is important for jurisdictions to ensure understanding of who may bring a non-use cancellation action against a registered trademark by establishing and maintaining clear standing requirements; and

**WHEREAS**, burdensome standing requirements impede the progress of non-use cancellation actions, thus hindering the goals of maintaining a clean registry and ensuring an efficient cancellation process.


**BE IT RESOLVED** that the International Trademark Association recommends that jurisdictions not require Claimants to prove standing in order to file non-use cancellation actions against registered trademarks;

**BE IT FURTHER RESOLVED** that jurisdictions that are unable to eliminate standing requirements are urged to adapt their relevant laws or rules so that any standing requirements for non-use cancellation actions are not overly burdensome and are satisfied if the Claimant meets low-threshold criteria. Such criteria may include but are not limited to the following:

- Claimant is actually conducting an activity related to the goods or services covered under the challenged Registration, in connection with the same or similar trademark or term; or
- Claimant has a bona fide intention to use the same or similar trademark or term covered under the challenged Registration in commerce; or
- Claimant is the owner of a pending trademark application that may be affected by the challenged Registration; or
- Claimant is the owner of a renowned trademark that may be affected by the challenged Registration, in terms of, for example, harm to its reputation or to its distinctive character; or
- Claimant is the owner of the same or similar trademark as covered under the challenged Registration in other countries; or
- The challenged Registration damages, negatively affects or is likely to affect Claimant's rights and interest in any other manner.

## Background

To examine the different approaches to standing requirements for Claimants bringing non-use cancellation actions, the Subcommittee conducted a survey of practitioners, and developed

a  **Report** based on the findings. By analyzing the survey results, the Subcommittee identified three jurisdictional approaches to standing requirements, namely : (1) no proof of standing required; (2) low-threshold standard of proof of standing requirement; and (3) formalistic system within which potentially difficult high-threshold criteria is required to be met.

The results of the survey research showed that in 23 out of the 58 jurisdictions surveyed, as well as before OHIM for Community Trademark registrations, the Claimant is not required to file any kind of evidence to prove standing to bring a non-use cancellation action. The burden of proof of use is placed on the owner of the registration ("Registrant"), which implies that said jurisdictions may lack any standing requirements for the Claimant. This system is designed to clear the Register of deadwood trademarks, in order to facilitate a true reflection of the commercial reality vis-à-vis the Registry. Within this system, if the Registrant is unable to furnish appropriate proof of use of the trademark in response to a notice issued by the Trademark Office, the trademark will be expunged. In order to file the non-use cancellation, a fee must be paid, and the threshold for the type and extent of evidence of use to be submitted in support of the contested Registration is low, which creates a counterbalance to the free access to the cancellation action.

This system proves to be well-balanced, time and cost effective, and highly efficient to keep the Registry clean of non-used registered trademarks. Although the possibility of frivolous cancellation actions was raised, the Subcommittee's study confirmed that the risk of facing such frivolous actions is theoretical. Practice suggests that the elimination of standing requirements is not directly linked to the increase in the filing of frivolous actions in such situations, and therefore, the concern regarding the possible filing of frivolous actions should not be deemed a conclusive motive for not trying to eliminate strict standing requirements. Survey respondents from countries that do not require Claimant to prove standing strongly supported this system and did not note any drawbacks. The Subcommittee thus recommends this system as the best

way to achieve the goals of efficiency, timeliness and cost effectiveness and to keep the Registry clean of deadwood registrations that do not reflect the commercial reality.

Survey results also indicated that 36 of the 58 countries required the Claimant to meet some threshold of proof of standing before filing a non-use cancellation action. Among those countries that do require Claimant to demonstrate legal standing to some extent, the study revealed two distinct trends.

One trend is that of countries where proving legal standing is required, but wherein the standard for proving said legal standing is low, requiring Claimant to prove only that it is an “aggrieved person”. Within this system there are various criteria by which Claimant can prove that it is an aggrieved person. Such criteria include, but are not limited to, any of the following:

- Claimant is actually conducting an activity related to the goods or services covered under the challenged Registration, in connection with the same or similar trademark or term; or
- Claimant has a bona fide intention to use the same or similar trademark or term covered under the challenged Registration in commerce (This can be proven by demonstrating preparatory evidential steps to enter into the market - e.g., applications for business licenses, planned advertising activities, certificates of registration in other jurisdictions, etc.); or
- Claimant is the owner of a pending trademark application that may be affected by the challenged Registration; or
- Claimant is the owner of a renowned trademark that may be affected by the challenged Registration, in terms of for example, harm to its reputation or to its distinctive character; or
- Claimant is the owner of the same or a similar trademark as covered under the challenged Registration in other countries; or
- The challenged Registration damages, negatively affects or is likely to affect Claimant’s rights and interest in any other manner.

This Subcommittee believes that among countries that require proof of legal standing, this system provides a satisfactory balance. On the one hand, it gives aggrieved parties who wish to use the mark the means to achieve it and prevents any person from dominating a trademark without using it. At the same time, it provides adequate protection to the Registrant from potential frivolous cancellation actions.

Survey respondents did report some minor drawbacks within this system (e.g., that it increases costs and prolongs and complicates what should be a simple procedure, as well as the challenge in proving the intention to use the trademark or the damage caused by the existence of the challenged Registration). However, the Subcommittee does not consider those drawbacks to be significant, and most of them are likely mitigated by the fact that the Claimant has a choice of various means, such as those listed above, by which to demonstrate legal standing.

The Subcommittee acknowledges that due to some circumstances, such as cultural differences,

issues of constitutionality or the fact that non-use cancellation actions must be brought in court, etc., a complete elimination of all standing requirements in certain jurisdictions may not be possible. Thus, in the event that a jurisdiction must adopt or is unable to eliminate standing requirements, it is strongly recommended that low-threshold standing criteria be adopted to meet this requirement so as to not to place an undue burden on the Claimant.

Another trend observed in a minority of countries that require proof of standing is that of jurisdictions using a very formalistic system where cancellation actions are prosecuted in the form of a whole litigious proceeding or trial before an administrative authority or even a civil court. Within such systems, the Claimant is always required to prove legal standing, and many bona fide Claimants may not be able to satisfy the strict requirements set forth to prove legal standing.

In countries falling within this trend, Claimant may even be required to file a trademark application and then have to wait for the Trademark Office to issue an official statement citing the unused Registration as an obstacle to registration before Claimant is deemed to have standing for starting the cancellation action. This requirement presents a particular drawback for famous and well-known trademarks not already registered within that country. Owners of famous or well-known marks to which the unused Registration is deemed identical or confusingly similar, will not be able to file any cancellation action without previously having filed a trademark application in the relevant jurisdiction, thus resulting in a lack of protection for the famous or well-known marks in the interim, while awaiting official citation of the unused Registration from the Trademark Office.

The Subcommittee believes that this high-threshold for establishing standing may restrain competition, hindering new owners from entering a market with their trademarks. This also creates an uncertainty for the trademark owners regarding clearance of their marks during the registration process, or even in starting preparations for their use. The party cannot be sure it is safe to start such preparations until the possible dormant risks of infringement are removed.

In light of these drawbacks, the Subcommittee recommends that those jurisdictions that currently fall within this trend be encouraged to eliminate their standing requirements for non-use cancellation actions or adapt their relevant laws or rules so that the standing requirements are not overly burdensome and are satisfied if the Claimant meets certain low-threshold criteria such as described above.

## **Conclusion**

Based upon this research, a system requiring no proof of standing best facilitates the goals of efficiency and maintenance of a clean Registry that best reflects the commercial reality. However, the Subcommittee concludes that if a jurisdiction must require Claimant to prove legal standing, such requirements should have a low threshold and not be overly burdensome for Claimants to meet, as stated above.