

**Nice Classification of Goods and Services—Retail and Wholesale Services in Class 35: A
Study of Different Local Practices and Examination Standards**

Harmonization of Trademark Law Practice Committee

International Classification Subcommittee (2018–2019 Term)

April 1, 2020

Abstract

Until the 9th edition of the Nice Classification (NCL),¹ “activity of an enterprise the primary function of which is the sale of goods” was expressly excluded from Class 35, as it was not considered a service provided for the benefit of others. At that time, WIPO experts recommended filing applications that covered the goods that were subject to the owner’s sales efforts instead of the services themselves.

Currently, the NCL includes a wide variety of services closely related to the “sale of goods” in Class 35. However, the sale of goods, in itself, is still not a recognized service classification in the NCL. By contrast, local practices in several jurisdictions have moved away from the NCL’s examination standards and have included the sale of goods as a recognized service classification.

According to a survey covering 51 different jurisdictions, local trademark practices sharply diverge on the availability of certain service classifications, specifically the sale of goods. In some National Offices, the sale of goods is recognized as a service classification without any modifications; in other jurisdictions, the same classification is rejected. In a third group of countries, the sale of goods is conditionally recognized as a classification. As a result, the scope of protection for marks that identify “retail or wholesale services” is not always clearly defined.

Based on the responses of associates from 51 different jurisdictions, this report covers the following topics:

1. The scope of the term “services” within the framework of the NCL.
2. The scope of the term “goods” and its difference with respect to services and intangible products.
3. The concept of the “sale of goods” per se and its exclusion from the classification system.
4. The services commonly included under the “retail and wholesale services” classification.
5. The way in which services related to the “retail and wholesale of goods” were gradually included in various classification systems.
6. The similarities and differences among different jurisdictions regarding the examination of trademarks that identify “retail and wholesale services”.

This report proposes definitions to assist in the management and examination of marks, specifically *service marks* with international scope. The main goal is to adopt common concepts that allow examiners and practitioners to define more precisely the scope of protection of service marks that list “retail and wholesale services” as a classification.

1. Research: Questionnaires and information received from the associates

The NCL explains how goods and services should be classified for the registration of marks. However, there are no general definitions in the NCL that can be used to determine the basic characteristics of the products and services that marks can cover.

¹ See Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, June 15, 1957, as revised at Stockholm on July 4, 1967, and at Geneva on May 13, 1977, and amended on Sept. 28, 1979.

The results of the survey reveal that this is not merely a theoretical issue. After examining responses from associates in 51 different jurisdictions, it is clear that local trademark practices diverge on central matters such as general definitions. These divergences are not resolved by the NCL because the NCL lacks general definitions.

In only 7 of the 51 jurisdictions, trademark legislation states, more or less, the general characteristics that define a service eligible to be covered by a trademark application. In 80% of the survey answers, the associates identify the lack of clarity regarding the difference between an activity and a service that can be classified in accordance with the NCL.

In sum, the survey answers show a remarkable disparity regarding:

- the services eligible to be covered by a trademark application;
- the acceptance of the sale of goods (or a similar description) as an identification by various National or Regional Offices;
- the interpretation of the scope of protection of marks covering the sale of goods or the sale of any product included in Classes 1-34 in jurisdictions in which that type of identification is acceptable;
- the examination of likelihood of confusion and potential overlap (either total or partial) among marks covering the sale of products (Class 35) and marks covering goods offered for sale (Classes 1-34); and
- the subject matter of the protection of a trademark covering the sale of goods and the subject matter of the protection of establishments or trade descriptions.

The list above is not exhaustive. However, it identifies the fundamental differences reflected in the survey responses. The remainder of this report attempts to understand the reasons underlying the jurisdictions' adopted standards and the differences among them and proposes a solution to harmonize those standards which are seemingly opposed.

2. Findings

2.1. "Services" within the context of trademark registration

Fourteen percent of the responses received from the associates stated that specific trademark legislation includes definitions in connection with the term "service." Twelve cases out of the remaining 86% include relevant concepts from other sources (e.g., regulations in other legal areas, case law, examination manuals, local authorities' guidelines, etc.). From this latter group of answers, it is possible to extract some general features defining the term "service":

1. It is rendered for the purpose of satisfying needs of consumers in the market. Services are rendered for the benefit of another and not for the benefit of the provider.
2. It is intangible and thus does not have physical or chemical features; therefore, rendering of a service does not imply the transfer of property or any physical object. In contrast to goods, a service is always intangible.
3. It is produced and rendered at the same time it is consumed by the consumer of the service.
4. It has a value and it is usually rendered by providers in exchange for remuneration from consumers.

Some of these characteristics are confirmed by other sources developed by different National or Regional Offices, such as:

1. The Guidelines for Examination of European Union Trademarks, published by the European Union Intellectual Property Office ("EUIPO"):

A service is any activity or benefit that one party can offer to another that is intangible and does not result in the transfer of ownership of any physical object. In contrast to goods, a service is always intangible. Importantly, services comprise economic activities provided to third parties.²

2. The Trademark Manual of Examining Procedure (“TMEP”), published by the United States Patent and Trademark Office (“USPTO”):

1301.01 What Is a Service?

A service mark can only be registered for activities that constitute services as contemplated by the Trademark Act. 15 U.S.C. §§1051, 1052, 1053, and 1127. The Trademark Act defines the term “service mark,” but it does not define what constitutes a service. Many activities are obviously services (e.g., dry cleaning, banking, shoe repairing, transportation, and house painting).

1301.01(a) Criteria for Determining What Constitutes a Service

The following criteria have evolved for determining what constitutes a service: (1) a service must be a real activity; (2) a service must be performed to the order of, or for the benefit of, someone other than the applicant; and (3) the activity performed must be qualitatively different from anything necessarily done in connection with the sale of the applicant’s goods or the performance of another service.³

2.2. Intangible goods and services

The intangibility of the services has been identified as a difference relative to goods. However, some good are also considered intangible. Some jurisdictions have deemed it necessary to clarify the difference between certain services and intangible goods, which, because of their intangibility, are likely to be confused with one another. The Trademarks Examination Manual of the Canadian Intellectual Property Office (“OPIC”) provides a clear example of this:

II.5.4.12 Intangibles

Intangibles such as “Web sites”, “electricity”, “domain names”, “steam”, “natural gas” and “waste gas” should not be listed in a statement of goods **since they are considered to be services**, such as the following from the Goods and Services Manual: “website design”, “web hosting”, “utility services transmission of electricity and natural gas”, “energy recycling services that capture and converts wasted energy into electricity and useful steam”, “utility services generation and distribution of electricity and natural gas”, “selling domain names”, “domain name registration”, and “waste gas treatment services”. Where an application lists such intangibles in the statement of goods, and it appears that the applicant may actually be offering services, the examiner will so advise the applicant.⁴

The same idea is mentioned in the Guidelines for Examination of European Union Trade Marks, published by the EUIPO:

However, sometimes it is not clear whether goods only comprise tangible physical products as opposed to services, which are intangible. The definition and thus the

² EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE, GUIDELINES FOR EXAMINATION OF EUROPEAN UNION TRADE MARKS, PART C 10 (2016).

³ U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE 1301 (2017).

⁴ CANADIAN INTELLECTUAL PROPERTY OFFICE, TRADEMARKS EXAMINATION MANUAL, SECTION II.5.4.12 (2018) (emphasis added).

scope of protection are particularly relevant when it comes to “goods” such as electricity that are intangible.⁵

The intangibility of certain goods does not necessarily imply the lack of physical or chemical properties. Some products must not or cannot be touched⁶; however, they will always have physical or chemical properties allowing for storage. For example, “oxygen” can be considered intangible. Notwithstanding this, oxygen has material properties which, among other things, allow for its storage. Therefore, it is considered a good (included in Class 1).⁷

The Alphabetical List of the 11th version of the NCL provides examples regarding the classification of “intangible” goods (which can be stored) and related services:

Clas s	Indication of good	Basic No.	Clas s	Indication of service	Basic No.
4	Electrical energy	040106	40	Production of energy	400103
			39	Distribution of energy Electricity distribution	390090 390031
9	Electronic publications, downloadable	090657	41	Providing on-line electronic publications, not downloadable	410099
9	Downloadable music files	090695	41	Providing on-line music, not downloadable	410200

2.3. Goods (products)

As shown by the NCL classifications in the table above, it is sometimes necessary to clarify the difference between a product (i.e., a good) and a service, especially when the former can be considered intangible. A clarification regarding the scope of the term “good” would be useful for easily analyzing questions regarding the scope of protection of trademarks and service marks. Some of the basic characteristics that define the term “good” (i.e., a product or ware) within the context of trademark registration are listed below:

1. It has physical or chemical properties, in the sense that it is an object or a thing (even when it can be considered intangible).
2. It can be offered in the market to satisfy the needs of consumers, and it is not an activity.
3. It can be stored.
4. It can be produced/manufactured at a specific time and consumed at another time.
5. It is applicable not only to industry and commerce, but also to the domain of agriculture and extraction industries, and to all manufactured or natural products.⁸
6. It has a monetary value and it is usually provided by sellers in exchange for remuneration from purchasers.

In other contexts, such as marketing, the term “good” is used in a broader sense. According to the American Marketing Association (“AMA”), the definition of “product” can include “an idea, a

⁵ “Guidelines for Examination of European Union Trade Marks”, European Union Intellectual Property Office (EUIPO), Part C – Opposition, Section 2, Double identity and likelihood of confusion, Chapter 2, Comparison of goods and services, page 10

⁶ The term “intangible” is defined as “adj. which must not or cannot be touched” by the Royal Spanish Academy’s Spanish Dictionary, Triennial Edition.

⁷ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION, ALPHABETICAL LIST OF GOODS 010413 (11th ed. 2017).

⁸ For example, see Article 5^{quater} of the Paris Convention for the Protection of Industrial Property.

physical entity (a good), or a service, or any combination of the three.”⁹ According to that definition, the term “products” includes goods and services,¹⁰ and the specific term for those products with physical or chemical properties that can be stored is “goods.”

All the responses sent by the associates confirm that the registration of a trademark that identifies a good (e.g., “sweaters” included in class 25¹¹) is sufficient for the purposes of obtaining the exclusive right to use the mark in the market to identify the product, especially in the context of commercial activities. This exclusive right includes the right to use the mark in connection with, for example, the sale of the identified product, advertising and promotion of the product that the trademark holder offers in the market, and exhibition at the point of sale.

2.4. Activities (as opposed to services)

As mentioned, the associates’ responses suggest that local trademark legislation usually does not include any definition regarding the scope of the term “service.” In line with this, the vast majority of the responses received (80%) reveal that the lack of definitions does not allow for a distinction between an activity and a service. It is possible to identify the following general notions from the applicable responses:

1. Service is always defined as a kind of activity, which is performed for the benefit a third party.
2. Merely making the public aware of the applicant’s goods does not provide a real service to the public since the only person who benefits is the applicant.
3. An economic activity is protected under a trade name, in a special class (according to the local nomenclature), acquired for its first, public, and continuous use in good faith regarding commercial activities.
4. It is arguable that an activity covers the free provision of services not carried on for purposes of gain. The significance of the requirement that the services be provided for money or money’s worth also may be seen in the English case of DEE Corporation (...). In that case, the applicants which were retail stores sought registration of their stores’ names as service marks in respect of various including the provision of information and assistance, parking facilities, credit facilities and delivery services. These services were offered without any extra charge. The Court of Appeal disallowed the applications because the services were not provided ‘for money or money’s worth’.

The Guidelines for Examination of European Union Trademarks attempts to clarify the distinction between a “service” and an “activity” by way of examples¹²:

1.4.2 Services

...

⁹ *Dictionary*, AMA, <https://www.ama.org/resources/Pages/Dictionary.aspx>. The AMA’s complete definition of a “product” is: “1. A bundle of attributes (features, functions, benefits, and uses) capable of exchange or use; usually a mix of tangible and intangible forms. Thus a product may be an idea, a physical entity (a good), or a service, or any combination of the three. It exists for the purpose of exchange in the satisfaction of individual and organizational objectives. (2) Occasional usage today implies a definition of product as that bundle of attributes for which the exchange or use primarily concerns the physical or tangible form, in contrast to a service, in which the seller, buyer, or user is primarily interested in the intangible. Though to speak of “products” and “services” is convenient, it leaves us without a term to apply to the set of the two combined. The term for tangible products is goods, and it should be used with services to make the tangible/ intangible pair, as subsets of the term product.”

¹⁰ Likewise, on page 773 in “Economía” by Samuelson, Nordhaus, and Pérez Enri, the term “products” is defined as “different goods or services which can be consumed or used for production.”

¹¹ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION, ALPHABETICAL LIST OF GOODS 250034 (11th ed. 2017).

¹² “Guidelines for Examination of European Union Trade Marks”, European Union Intellectual Property Office (EUIPO), Part C – Opposition, Section 2, Double identity and likelihood of confusion, Chapter 2, Comparison of goods and services, <https://guidelines.euipo.europa.eu/1803422/1786927/trade-mark-guidelines/1-4-2-services>

- Advertising one's own goods is not a service but running an advertisement agency (designing advertisement campaigns for third parties) is. Similarly shop window dressing is only a service when provided for third parties, not when done in one's own shop.
- Selling or distributing one's own goods is not a service. Retail services are meant to cover the services around the actual sale of goods, such as providing the customer with an opportunity to conveniently see, compare or test the goods). . . .

One indication for an activity to be considered a service under trademark law is its independent economic value, that is to say, that it is usually provided in exchange for some form of (monetary) compensation. Otherwise, it could be a mere ancillary activity provided together with or after the purchase of a specific good.

Example:

- Delivery, including the transport of furniture that has previously been purchased (either in a physical establishment or online), is not an independent service falling under transport services in Class 39.

However, the intention to make profit is not necessarily a criterion for defining whether an activity can qualify as a 'service' (judgment of 09/12/2008, C-442/07, Radetzky, EU:C:2008:696, § 16-18). It is more a question of whether the service has an independent market area and targeted public rather than the way or form in which compensation is made.

Additional examples illustrating the difference between activities (for self-benefit) and services (for the benefit of third parties) are listed in the following chart¹³:

ACTIVITY	SERVICE	
Advertising one's own goods	Advertising	Class 35
Promotion of one's own sales	Sales promotion for others	Class 35
Publication of one's own journal	Publication of texts, other than publicity texts	Class 41
Purchasing one's own goods and services	Procurement services for others [purchasing goods and services for other businesses]	Class 35
Research and development of new products for one's own benefit	Research and development of new products for others;	Class 42
Creating and maintaining one's own web site.	Creating and maintaining web sites for others	Class 42
Developing one's own software	Computer software design	Class 42
	Computer software, recorded	Class 9

2.5. Sale of goods

The practice related to classification of the "sale of goods" was elected for a basic reason: there is strong disagreement regarding this classification phrase. Normally, disagreement regarding the appropriate classification relates to the correct inclusion of a certain product or service in a specific class. However, the disagreement is deeper regarding the "sale of goods"—the

¹³ See WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017).

disagreement relates to whether this phrase should be admitted into the classification system in the first place.

In the Spanish Dictionary, the definition of “sale” includes five meanings. The meanings most important for the purposes of this report are the following:

Lat. vendĭta, pl. of vendĭtum.

1. f. Action and effect of selling.
2. f. Amount of items sold.
3. f. Agreement whereby an item is transferred to a third party’s domain for a stated price.¹⁴

The English Oxford Dictionary defines the term “sale” as follows:

1. [mass noun] The exchange of a commodity for money; the action of selling something.
‘we withdrew it from sale’
[count noun] ‘the sale has fallen through’
 - 1.1. (sales) A quantity or amount sold.
‘price cuts failed to boost sales’
 - 1.2. (sales) The activity or business of selling products.
‘director of sales and marketing’
2. A period during which a shop or dealer sells goods at reduced prices.
‘the January sales got under way this week’
 - 2.1. A public or charitable event at which goods are sold or auctioned.
‘a bric-a-brac sale will be held at St Cuthbert’s Church Centre’¹⁵

A basic concept can be derived from these definitions: “sale” can be defined as a contract, whereby the seller transfers property (e.g., a good) to the purchaser in exchange for a monetary benefit.

In the original English version of the 11th version of the NCL, “sale of goods” was not listed as a classification. Analysis included in the information file associated with Class 35 explains the rationale underlying the exclusion:

Whilst **the sale of goods is not considered in itself to be a service**, activities relating to the bringing together of goods enabling customers to view and purchase them are in Class 35. This can be in physical retail outlets, through mail order catalogues or by means of on-line retail stores.¹⁶

This same rationale can be found in the definitions of services in the EUIPO’s examination guidelines (“selling or distributing one’s own goods is not a service”) and in the USPTO’s examination manual (“the activity performed must be qualitatively different from anything necessarily done in connection with the sale of the applicant’s goods or the performance of another service”). Both the EUIPO and USPTO definitions have important exceptions: in practice, some services associated with sales of goods are not covered by the exclusion and are thus considered to be rendered for the benefit of purchasers or potential purchasers.

¹⁴ This definition is extracted from the online version of the Royal Spanish Academy’s Spanish Dictionary, Triennial Edition.

¹⁵ This definition is taken from the online version of the English Oxford Dictionary.

¹⁶ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017), http://www.wipo.int/classifications/nice/nclpub/en/fr/20170101/information_files/class/35/?lang=en (emphasis added).

In the USPTO’s Guidance for Users, specialists on the subject explain:

“Sales” and Retail/Wholesale Services

“Sales” cannot be listed as the primary activity in an identification of services, because the sale of one’s own goods or services is not a registrable service. TMEP §1402.11. The identification should instead set forth the common commercial name of the activity, such as “retail clothing stores” or “computerized on-line ordering featuring general consumer merchandise.”

The wording “retail services” or “wholesale services” includes a **wide array of services related to retailing and wholesaling**, such as advertising or marketing services. Accordingly, identifications for retail or wholesale services must set forth the nature of the retail or wholesale activity (e.g., on-line retail store services, wholesale distributorships, etc.). Please note that adding wording such as “on-line” or “via the Internet” to the terms “retail services” or “wholesale services” would only serve to indicate the manner in which the retail or wholesale services are provided, but would not explain what the retail or wholesale services are. The nature of the activity must be specified even if the retail or wholesale services are provided on-line.¹⁷

Accordingly, in the trademark registration context, “sale services” (e.g., “retail services” or “wholesale services”) include a wide variety of services related to retail and wholesale commerce. However, these expressions—“retail services” and “wholesale services”—do not refer to the “sale of goods” alone, since such activity does not constitute a service rendered for the benefit of third parties. The concept is—at first—complex, especially for less experienced users: the indication that, pursuant to the cited bibliography, it is expressly excluded from the international classification is, in fact, admitted in most jurisdictions, since it has been considered that it involves a group of services that are not specifically the “sale of goods” and that are not expressly listed.

2.6. Examination criteria

According to the responses, the multiple interpretations commonly given to the same expression (i.e., “sale of goods”) in trademark registrations divide jurisdictions into three groups:

Question posed: “According to your local laws/regulations, could the sale of goods be considered as a service?”¹⁸	
Group A	55% of the responses state that classifications such as “sale of goods” or “sale of [any of the goods included in Classes 1 through 34]” are plainly an indication of service. Most of the responses do not provide reasoning for this practice or simply state that the “sale of goods” is included in Class 35, pursuant to the standards adopted by the NCL.
Group B	18% of the responses state that “sale of goods” is not considered a service rendered for the benefit of third parties. Therefore, it is excluded from classification.
Group C	26% of the responses state that this type of classification is permissible provided that it is (1) accompanied by additional precision; or (2) understood that it does not refer specifically to the “sale of goods” alone, but rather to certain ancillary services, such as advising the purchaser in the point of sale regarding the goods offered for sale, exhibition of the mark for commercial purposes, or use of the mark in the selection “of an

¹⁷ *Guidance for Users*, U.S. PATENT & TRADEMARK OFFICE, <https://www.uspto.gov/trademark/guides-and-manuals/guidance-users##Sales> (emphasis added).

¹⁸ The percentages in the table do not add up to 100% because 2% of the surveyed associates did not provide an answer to this question.

Question posed: “According your local laws/regulations, could the sale of goods be considered as a service?”¹⁸	
	assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor.” ¹⁹

2.6.1. Acceptance of “sale of goods” as a classification (Group A)

Despite the lack of definitions regarding the scope of the terms “goods” and “services,” the expression “sale of goods” or “sale of [goods of interest]” is deemed an unconditional, permissible classification in Group A. However, in Group A, the interpretation regarding the services included in and excluded from this classification is unclear. For example, the following phrases were included in the Group A responses:

Question posed: “According your local laws/regulations, could the sale of goods be considered as a service?”	
A1:	“[The] sale of goods is a form of service listed in class 35 of Nice classification. “
A2:	“Yes. It is indeed considered a service.”
A3:	“According to the agreement on Nice classification aforementioned as well as the consistent practice of the [National Office], sale of goods is considered a service.”
A4:	“The National Office accepts the expression ‘sale of goods’ as an indication of service. No additional precision is required.”

In Argentina, for example, the expression “sale of goods,” and any of variation thereof, is currently permissible as a classification of service in Class 35. However, the Argentinian National Office has never issued a resolution regarding the scope of the services included in this classification. Therefore, there is no parameter for applicants to use to define the scope of protection of a trademark application.

2.6.2. Exclusion of “sale of goods” as a classification (Group B)

According to 18% of the responses, “sale of goods” is excluded from the classification system. In the Group B responses, there is no major disagreement regarding the definition of services. The Group B responses suggest that in most cases, the sale of goods is not considered to be an activity for the benefit of third parties, and thus cannot be a service classification. Below are exemplary responses:

Exemplary Group B Responses	
A1:	“Per definition and practice, sale of goods is not considered a service.”
A2:	“The . . . Registry has clarified that the description ‘sale of [goods of interest]’ is not an acceptable description of service. This is because the act of selling primarily benefits the seller and is not regarded as a service delivered to third parties.”

¹⁹ Case C-418/02, Praktiker Bau- und Heimwerkermärkte AG v. Deutsches Patent- und Markenamt, 2005 E.C.R. I-05873 (“PRAKTIKER case”).

Exemplary Group B Responses	
A3:	"[T]he sale of goods, is considered as an economic activity, protected only by a trade name, different from goods or services in specific analysis, concerning the Nice Agreement."
A4:	"Even though there are no clear laws/regulations . . . , it is safe to presume that 'sale of goods' could not be considered as a service as the act of selling primarily benefits the seller and is not regarded as a service delivered to third parties."

The responses are based on a specific definition (related to the one set forth in section 2.1) and on a literal interpretation of the expression "sale of goods." The sale, from this perspective, is a commercial activity for the seller's own benefit and is excluded from the concept of service. In sum, it is not possible to establish a relationship between "services" and "sale of goods," since each one of these concepts refers to an independent meaning or idea.

Several Group B responses indicate that "sale of goods" can be classified using one or more Classes including the good offered for sale (i.e., Classes 1-34) pursuant to the traditional criteria of the NCL.²⁰ Other Group B responses stated that this strategy of classification (i.e., using a classification from Classes 1-34 related to goods, not services) is applicable only for "the sale of goods owned by sellers." Therefore, it is possible that "sale of goods" could be a permissible classification if third parties' goods are sold by the seller.

The responses sent by the associates from the People's Republic of China are particularly interesting due to the fact that they mirrored the official and in-force version of the NCL. According to these responses, China's Trademark Office adheres to the following examination criteria:

The PRC Trademark Office ("TMO") currently only accepts "retail or wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies" for registration purposes. . . . On occasion, the TMO has also accepted the designation of the following service item in applications in Class 35, but only via the International Registration route: "the bringing together, for the benefit of others, of a variety of goods enabling customers to conveniently view and purchase those goods."

. . . .
The name of a store and/or trade name can be protected to a degree through the registration of trademarks covering the goods on sale in the store, and also within the context of the registered enterprise name designated in the business license for the company or branch operating the store. In view of the non-acceptance of "retail services" for registration purposes by the TMO (except as specified in above), trademark owners also generally file applications in Class 35 for a wide

²⁰ Comments of the Ecuadorian associates: "If you are offering an specific good, regarding classes 1-34, you must register them in those classes; also if you offer an specific type of service you should register them in classes 36-45, but if you have a retail activity that could include goods protected by classes from 1-34, is it recommendable to protect your businesses in the trade name figure, in class 91 in the Ecuadorian nomenclature." The same is set forth by the associates in India—a trade name is included in the definition of a mark; the owner of the store will have to apply for protection in the class in which his goods/services fall. In India, "the act of selling the goods bearing the mark XX [to identify sweaters], even though they are not the manufacturer of the goods, would entitle the Applicant A to file the mark in Class 25." Serbia: "classification criterion will be changed if the applicant is the manufacturer of the goods offered for sale. In this case, A [the owner/applicant] should claim protection only for goods included in class 25 and he is allowed to sell those goods (manufactured by him) in the ordinary course of his business (normal, usual activity)." Singapore: "In this scenario, where Applicant is not a manufacturer of any goods but sells goods bearing trademark XX in his retail store, it should claim protection in Class 25." Another example is the Chinese practice set forth in section 3.3.

specification of services including “demonstration of goods, shop window dressing, presentation of goods on communication media for retail purposes, sales promotion for others, provision of an online marketplace for buyers and sellers of goods and services, etc.” to create a layer of protection.²¹

This response arguably could have been included among the final 26% of responses discussed below (i.e., conditional acceptance) because China’s Trademark Office permits service classifications related to sales. Notwithstanding this, sale of goods is excluded as an acceptable identification in China. Moreover, the permissibility of “retail or wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies” as a service classification is likely due to the phrase’s express inclusion in the Alphabetical List of Services of the NCL (10th edition) under basic number 350108. Class C jurisdictions define permissible service classifications as combinations of services (rendered for the benefit of third parties) for the purposes of facilitating or promoting the purchase of goods specified to consumers. Thus, this response was included in Group B.

2.6.3. Conditional acceptance of “sale of goods” as a classification (Group C)

This group of responses considers phrases that are closely related to “sale of goods” as permissible classifications in Class 35.²² According to Group C responses, a condition is required for the classification to be permissible as indication of a service. The phrase “sale of goods,” without more, is generally impermissible.

Group C interprets the phrase “retail or wholesale services” as not including the *sale itself*. That interpretation is in accordance with the definition set forth in 2.5. According to Group C, phrases such as “retail or wholesale services of goods” or “retail or wholesale services of [goods of interest in Classes 1-34]” include a series of different services related to the sale of goods; however, they do not include “retail, sale or wholesale of goods” per se.

Some of the Group C responses refer to the PRAKTIKER case.²³ The following Guidelines for Examination of European Union Trade Marks, published by the EUIPO similarly refer to the PRAKTIKER case:

However, it should be noted that the sale of goods is not a service within the meaning of the Nice Classification. Therefore, the activity of retail in goods as a service for which protection of an EUTM can be obtained does not consist of the mere act of selling the goods, but in the services rendered around the actual sale of the goods, which are defined in the explanatory note to Class 35 of the Nice Classification by the terms “the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods.” Moreover, the Court has held that the objective of retail trade is the sale of goods to consumers, which includes, in addition to the legal sales transaction, all activity carried out by the trader for the

²¹ This report and survey were done when the 11th version of the NCL was in force.

²² For example, the response of the associate from Singapore states, “Pursuant to Circular No. 17/2014 dated 9 December 2014 issued by the Intellectual Property Office of Singapore, the Singapore Registry has clarified that the description ‘sale of [goods of interest]’ is not an acceptable description of service. This is because the act of selling primarily benefits the seller and is not regarded as a service delivered to third parties. An example of acceptable description of service in Class 35 by the Singapore Trade Mark Registry is ‘retail services relating to the sale of [goods of interest].’”

²³ Case C-418/02, 2005 E.C.R. I-05873.

purpose of encouraging the conclusion of such a transaction. That activity consists, inter alia, in selecting an assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor (judgment of 07/07/2005, C-418/02, Praktiker, EU:C:2005:425, § 34). Retail services allow consumers to satisfy different shopping needs in one place and are usually directed at the general consumer. They can take place in a fixed location, such as a department store, supermarket, boutique or kiosk, or in the form of non-shop retailing, such as through the internet, by catalogue or mail order.²⁴

In line with this, the MGS Madrid Goods and Services Manager set forth several permissible classifications, despite the fact that none of them have been included within the official publication of the NCL:

1. retail or wholesale services for fishing tackle (Class 35);
2. retail or wholesale services for rice (Class 35);
3. retail or wholesale services for bicycles (Class 35);
4. retail or wholesale services for coffee (Class 35);
5. retail or wholesale services for cereals (Class 35); and
6. retail or wholesale services for tea (Class 35).

The Group C responses show a greater degree of complexity, given that the identifications considered permissible by Group C implicitly include services that do not consist of sales per se. As mentioned in the PRAKTIKER case, “[p]rotection by a service trade mark may apply to any activities which are not pure selling.”²⁵ However, Group C’s accepted classifications can be interpreted to cover the excluded activity—sale of goods. The preliminary note from the Japanese associate describes some of the difficulties that arise with these examination criteria:

...Japan’s trademark system regarding “retail/wholesale services” is complex. The main reason for the complexity of the system relates to the history of “retail/wholesale services” in Japan. Before 2016 when the Japanese trademark law newly introduced the concept of “retail/wholesale services,” all of the “retail/wholesale services” were considered to be protected by the equivalent trademark rights for goods. Therefore, Japanese department stores, such as Mitsukoshi and Takashimaya needed to obtain trademark registrations for all the goods through classes 1 to 34.

In 2006, the Japanese trademark law introduced a new system to allow registration for “retail/wholesale services” in class 35. However, the Japan Patent Office (“JPO”) also announced that despite the new “retail/wholesale services,” any previous trademark rules would not change in Japan. This announcement raised questions such as:

- a. whether department stores need to file new registrations for retail/wholesale services in class 35[;]
- b. whether after 2006, it is necessary for retail stores to obtain a registration regarding “goods” in addition to “retail store services” in class 35[; and]
- c. [the] position for trademarks whose goods entirely overlap with “retail/wholesale store services” in class 35[.]

²⁴ “Guidelines for Examination of European Union Trademarks”, European Union Intellectual Property Office (EUIPO), Part C – Opposition, Section 2, Double identity and likelihood of confusion, Chapter 2, Comparison of goods and services (paragraph 7), page 61

²⁵ Case C-418/02, 2005 E.C.R. I-05873, § 24.

The difference between “the scope of trademark rights for goods” and “that for retail store services” is not entirely clear, and Japanese courts have not clearly addressed the above questions.

In practice, many retail stores or department stores now appear to protect their marks by obtaining a registration for retail store services in class 35 only. On the other hand, several trademark-conscious companies still appear to protect their marks not only in class 35 but also for goods (in classes 1 to 34) due to the uncertainty.

3. Brief overview of the evolution of services related to sales (international classification standards)

Until the 9th edition of the NCL, “activity of an enterprise the primary function of which is the sale of goods” was expressly excluded from Class 35.²⁶ Before then, WIPO experts from the International Classifications Department determined that the sale of goods did not constitute a service, given that an activity is described as a service if it is performed for the benefit of a third party. Therefore, marks related to purchase and sale were considered trademarks, not service marks, and had to be registered in Classes related to the goods sold.

The concept, at that time, seemed simple: the classifications provided the method to classify goods and services capable of being sold or commercialized in the market. Accordingly, a registered trademark granted the applicant the exclusive right to identify the specified goods with its mark and to advertise its mark, including, for example, the use of an identifying sign on the door of its business (e.g., use of a “ZAPPA SHOES” sign on a store selling “ZAPPA” shoes).

The 7th edition of the NCL went into effect on January 1, 1997. From then on, the possibility to include a Class 35 identification of services related to “the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods” was present. In the 9th edition of the NCL, the classification of an “activity of an enterprise the primary function of which is the sale of goods, i.e. of a so-called commercial enterprise” was no longer expressly excluded from the scope of Class 35.

The following table outlines important changes in Class 35 of the NCL:

NCL EDITION	AMENDMENT
7th (1997)	<u>Addition:</u> the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods
9th (2007)	<u>Deletion:</u> the activity of an enterprise the primary function of which is the sale of goods, i.e., of a so-called commercial enterprise

²⁶ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (6th ed. 1992) (“[Class 35] [d]oes not include, in particular . . . activity of an enterprise the primary function of which is the sale of goods, i.e. of a so-called commercial enterprise”)

NCL EDITION	AMENDMENT
	<p><u>Change:</u></p> <p>350092 presentation of goods on communication media, for retail purposes</p> <p>350093 commercial information and advice for consumers [consumer advice shop]</p> <p><u>Addition of “wholesale outlets”:</u></p> <p>the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through mail order catalogues or by means of electronic media, for example, through web sites or television shopping programmes</p>
10th (2013)	<p><u>Addition:</u></p> <p>350108 retail or wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies</p>
10th (2014)	<p><u>Addition:</u></p> <p>350119 providing business information via a web site</p>
10th (2015)	<p><u>Addition:</u></p> <p>350120 provision of an on-line marketplace for buyers and sellers of goods and services</p>

According to the survey conducted for this report, the vast majority of the National and Regional Offices permit, as a classification of services, descriptions that refer to the “retail and wholesale of goods.” In several jurisdictions, applicants could apply marks that were previously filed as trademarks with a classification from Classes 1-34 related to the goods offered for sale as service marks with Class 35 identifications. One associate’s response concerning the Ukrainian practice demonstrates this change:

Until the adoption of the 10th edition of the Nice Classification, sale of goods could not be considered as a service as long as the Ukraine PTO relied on the earlier WIPO recommendations based on which sale is not a service, but rather a type of activity and one of the functions of a trademark.

However, with the inclusion of “retail and wholesale services for pharmaceutical, veterinary and hygienic preparations and medicinal goods” in class 35 of the 10th edition (2013), the Ukraine PTO has changed its approach, particularly referring to international practice. Respectively, now retail and wholesale services can be included in the list of services of class 35, provided that the specific goods or types of goods covered by respective classes of the ICGS to which these services extend are specified in the wording of the services, for example “retail and wholesale services for footwear.”

4. Consensus

Despite the clear differences among different jurisdictions, it is possible to outline basic concepts that may allow for harmonization in the context of international classifications. The following points stand out:

1. It is possible and useful to define the objects being classified: “goods” and “services.” Definitions of these two terms will facilitate the understanding of differing practices among jurisdictions and of jurisdictions’ fundamental concepts, specifically, the scope of protection of trademarks and service marks. This report outlines the characteristics of these two terms in sections 2.1 and 0. In doing so, this report relies on the comments contributed by the associates and included in various examination manuals and trademark guidelines (mainly, in the cited publications of WIPO, USPTO, EUIPO, and OPIC).
2. There is a general consensus regarding the exclusion of “sale of goods,” defined as the “contract whereby a personal piece of property is transferred to a third party for the agreed price,” from the term “service.” Many of the survey responses and the consulted literature agree on this point.
3. Various National and Regional Offices have accepted the registration of marks that provide classifications regarding services related to the sale of merchandise rendered by the seller in favor of the consumer (or potential consumer). These services are stated in a variety of ways and generally consist of activities, rendered in favor of third parties, “aimed at inducing the consumer to conclude [a] transaction with the trader in question rather than with a competitor” as described in the PRAKTIKER case.²⁷
4. Usually, the goods to be protected by the marks (classified in Classes 1-34) comprise the trading product during the sales transaction. In this light, the associates’ answers unanimously coincide: the manufacturer or owner of the good must chose the Class in which to include the good that will be offered for sale. Through the registration of its mark, the owner of the mark obtains the right to identify the specific goods it sells in the market and advertise them in the way it deems convenient.

4.1. Critical points

This report describes the clear disparity in the survey answers regarding interpretations of the scope of protection of service marks, specifically, coverage of the phrase “sale of goods” in different classification variations.

According to the Group C responses described in section 2.6.3, “retail and wholesale services of [goods in Classes 1-34]” do not constitute the mere “retail and wholesale of [goods in Classes 1-34].” Rather, the phrase “retail and wholesale services” comprises a number of services included in Class 35 associated with the sale of goods, but it excludes the commercial activity itself. By contrast, according to the Group B responses, the phrase “retail and wholesale services of [goods in Classes 1-34]” refers entirely to “sale of goods (at wholesale or retail),” and, therefore, it is excluded from the classification system because sale of goods, in itself, does not constitute a service rendered for the benefit of third parties.

In the Group A responses, there are inconsistencies regarding the reasoning underlying the conclusion that “sale of goods” is a permissible classification. In many Group A responses, the associate responded that the sale of goods, without additional modifications, is by definition a service rendered for third parties, and, as such, it is included in Class 35 of the NCL. However, this reasoning is undermined if one considers the following language in the 11th edition of the NCL: “the sale of

²⁷ Case C-418/02, 2005 E.C.R. I-05873, § 33.

goods is not considered in itself to be a service.”²⁸ Additionally, because there is no generally recognized definition of the term “service,” it is not possible to compare the basis of these responses with a reference point.

Without a clear definition delineating the scope of the term “service,” the possible interpretations of Class 35 classifications multiply. If the “sale of merchandise,” in itself, is deemed to be within Class 35, all goods (and all services) must be classified in the same Class. Under this view, all applicants must use Class 35 to classify commercial activity. Thus, without a definition of the term “service,” the scope of protection of Class 35 will tend to overlap with other Classes for two basic reasons: (1) the relationship between “a good, for sale” (Classes 1-34) and the “sale of a good” (Class 35); and (2) the grey area that would likely result regarding other services not included in Class 35, such as the following examples taken from the MGS Madrid:

Comparison of Similar Classifications That May Lead to Grey Areas	
Class 35 Retail or wholesale services for food and beverages Retail services for foodstuffs	Class 43 Providing food and drink Bar services; restaurant services
Class 35 On-line retail store services featuring downloadable prerecorded music	Class 41 Providing on-line music, not downloadable (“downloadable music files” are included in Class 9, as a good)
Class 35 Retail services for beer	Class 41 Brasserie services; providing food and drink

4.1.1. What about services of selling services?

A similar issue arises for the classification of “[t]icket agency services [entertainment]”—or, according the literal translation from the Spanish version of the NCL, “ticket sales services [entertainment]”²⁹—included in Class 41 of the NCL if there is not a generally recognized definition of “service.” Given that this classification is not included in Class 35, these “sale services,” rendered by specialized agencies, could be interpreted to exclude the “provision of different services aimed at inducing the consumer to buy with a particular trader and not their competitor.” However, this Class 41 classification expressly refers to “sale services” in the Spanish version of the NCL.

As with goods, services are usually rendered in exchange for remuneration (i.e., services are commercialized or, to use the same term, are sold). The person/company offering these services (i.e., the provider) will undoubtedly display the same activities as the services it renders for the benefit of the consumer or potential consumer in order to entice the business transaction (as it happens in the sale of goods). However, it seems that the services inherent in the sale of goods do not equate

²⁸ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017), http://www.wipo.int/classifications/nice/nclpub/en/fr/20170101/information_files/class/35/?lang=en.

²⁹ In the Alphabetical List of Services, basic number 410183, the English indication is “ticket agency services [entertainment].” In French language, the same indication is “services de billetterie [divertissement].” The literal translation of the Spanish indication into English is “ticket sales services [entertainment].”

to the services that arise from the commercialization or sale of services.³⁰ Recognizing this issue, the NCL warns:

Class 35 services are those provided by persons or organizations that directly assist in the operation and management of another commercial or industrial enterprise. **Simply because an enterprise conducts business does not classify the activity of that enterprise in Class 35. If that were the case, all businesses, regardless of their specific activities, would provide Class 35 services.**³¹

4.1.2. “Sale of goods” and “goods for sale”

Many of the responses sent by the associates suggest using the double classification (i.e., “goods for sale” and “sale of goods”) as an option to cover all possible spaces. One associate argued that the “broadest protection against infringers would be provided by filing in both classes.” According to this view, the fact of selling goods entails the rendering of services to third parties, even when the seller and the manufacturer are the same person. Therefore, if the good is available for sale, and the mark associated with the goods coincides with the name of the store (as it usually occurs, for example, with clothing marks), it is convenient to include in the classification the goods sold (Classes 1-34) and sale services (Class 35). The associates’ responses clearly support this strategy, given that 71% of the jurisdictions associate “services of sale of [goods]” (Class 35) with “[goods] offered for sale” (Classes 1-34):

According your local examination standards, are marks covering retail services in Class 35 compared with identical or similar marks covering the goods which are offered for sale in Classes 1-34?	Yes	57 %
	If opposition is filed	14 %
	No	19 %
	N/A	9 %

However, retail and wholesale services in Class 35 are not usually similar for different types of goods. For example, “retail or wholesale services for clothing” bear no relation, in theory, to “retail or wholesale services for automobiles,” despite the fact that these two classifications are included in the Class 35. As shown above, there is a connection between “retail and wholesale services for clothing” (Class 35) and “clothing” (Class 25). Likewise, there is a relationship between “retail or wholesale services for automobiles” (Class 35) and “automobiles” (Class 12).

This close relationship between “sale of goods” and “goods for sale” is most prevalent if marks identifying the sale of goods are applied for as trademarks, not service marks, using the classifications related to goods (i.e., Classes 1-34). Under this approach, a mark for the “sale of clothing” could alternatively be classified as a mark for “clothing.” The mark would then be compared with marks for “clothing, footwear, headgear.” By contrast, if the same mark listed “sale of clothing” as a classification, it would be examined and compared with different marks—for example, marks

³⁰ It is unlikely that one who offers “shoe repair” in exchange for money in commerce open to the public, or even in a virtual media, considers applying for the registration of a mark in Class 35 (in addition to one in Class 37) to include the classification “sale services of shoe repair services.”

³¹ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017), http://www.wipo.int/classifications/nice/nclpub/en/fr/20170101/information_files/class/35/?lang=en (emphasis added).

listing “sale of automobiles” and “vehicles; apparatus for locomotion by land, air or water” as classifications. It appears that about 20% of the surveyed jurisdictions adhere to this examination approach, whereby applied-for marks are compared with other marks that list classifications from the same Class as the applied-for mark.

This examination approach is unacceptable in the 18% of the surveyed jurisdictions that decline to recognize “sale of goods” as a service classification (i.e., the Group B jurisdictions). In these jurisdictions, it is not necessary for an applicant to list a Class 35 identification when applying for a mark. This is because, in Group B jurisdictions, the owner of a registered mark listing a classification related to a goods Class (e.g., clothing in Class 25) already acquires the exclusive right to (1) use that mark to identify its good; (2) advertise the mark in the media it considers convenient (e.g., a sign in the front of its store); and (3) use the mark to offer its product for sale in the space where it focuses its commercial activity (e.g., in the physical or virtual realm). In other words, the mark encompasses all activity carried out by a trader for the purpose of encouraging the conclusion of a transaction.³² However, the stance taken by Group B jurisdictions (i.e., the exclusion of “sale of goods” as a permissible classification) could be considered very restrictive, given that it leaves out the possibility of applying for a mark with only one Class 35 classification in order to obtain rights in the mark for the sale of a variety goods of a different nature, such as those offered by large department stores.

5. Synthesis (common concepts and approach between practices)

In some ways, the NCL simplifies the filing of trademark applications worldwide, given that it sets forth a uniform standard for the classification of goods and services. For the NCL to be efficient, however, it must be used harmoniously in all jurisdictions where it is used. The NCL is most effective when views about the definitions of terms and phrases used in the NCL—and examination approaches—are uniform.

If uniform definitions of “goods” and “services” are adopted, the differences in practice among the surveyed jurisdictions will likely disappear. In the particular case “sale of goods” in itself versus “sale services,” a clear, precise, and uniform definition of the term “service” could provide the necessary framework that will allow applicants and examiners to determine which services related to sales differ from the mere sale of goods.

5.1. Three basic practices

It is undeniable that it is very difficult—and, at times, unnecessary—to describe precisely each one of the services associated with a mark. A large department store, particularly one that offers an array of goods bearing third-party marks (as in the PRAKTIKER case³³) in addition to goods

³² See *supra* note 30 and accompanying text (specifically, the Guidelines for Examination of European Union Trade Marks quoting the PRAKTIKER case and stating “the objective of retail trade is the sale of goods to consumers, which includes, in addition to the legal sales transaction, all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction”).

³³ Praktiker Bau- und Heimwerkermärkte AG is an international chain offering home improvement and do-it-yourself goods. It operates in Poland, Hungary, Romania, Ukraine, Greece, and Bulgaria. As mentioned in § 16 of the PRAKTIKER

bearing the store's own marks, presents an example of an entity that uses a mark in connection with a wide variety of services within the classification of "retail or wholesale services." However, "sale of goods," in itself, is often considered a classification that is unavailable to an entity like the large department store that seeks to register its mark. Realizing this practical issue, the surveyed jurisdictions have adopted three basic positions: (1) accepting "sale of goods" as a permissible service classification (full acceptance); (2) declining to accept "sale of goods" as a permissible service classification (full exclusion); and (3) accepting services related to the sale of goods—but not the sale of goods, in itself—as permissible classifications (conditional acceptance).

It is possible to harmonize these three positions if uniform definitions of "service" and "good" are adopted. Recognition of these definitions would allow the phrase "sale of goods" to be examined from a common reference point. Even if the different positions adopted by the National and Regional Offices are maintained, a shared framework would help to determine the scope of protection of marks that list sales- or services-related classifications. For example:

a) Jurisdictions of full acceptance (Group A)

In jurisdictions where the phrase "sale of goods" is accepted as a permissible identification without further modification, a standard definition of the term "service" would allow for the determination of whether certain activities remain outside the scope of protection. Additionally, it would allow for the determination of the scope of protection of marks registered in jurisdictions with different examination practices (i.e., Group B and C jurisdictions). In sum, defining the term "service" would allow others to understand proper scope of registered marks originating from Group A jurisdictions. This understanding would help to determine if a registered mark with a Class 35 classification partially or totally overlaps with other Classes.

b) Jurisdictions of conditional acceptance (Group C)

In jurisdictions where the term "sale of goods" is accepted only if conditions are present, a standard definition of "service" will allow others to determine precisely which sales-related services are included in Group C registered marks with applicable classifications. Additionally, as suggested in point (c) below, the definition of "service" would likely clarify the type of sales-related services included in a given identification because the beneficiary of an activity could be used as a reference point. A standard definition would clarify the beneficiary required to classify a given activity as a "service." Therefore, activities that benefit those not included in the definition would not be considered "services" and thus would not be included in the services-related classification. For example, a definition of "service" could require that an activity be rendered for the benefit of third parties to be classified as a service. Under such a definition, the phrase "retail or wholesale services" would be a proper identification and would include only activities that are rendered for the benefit of third parties and not activities that benefit the activity provider. If such

case, the specific activities of a retail trader "include bringing together goods from a variety of undertakings to form a range and offering them for sale from a single distribution entity, whether by way of traditional retailing, mail order or e-commerce. Even if those services are not charged separately to individual customers, they can nevertheless be considered to be provided for remuneration, through the profit margin."

a definition were adopted, it would become clear that Group C sales-related identifications exclude the mere sale of goods itself, which would be consistent with the position taken by Group C jurisdictions (i.e., sale of goods, in itself, ought to be excluded as a permissible service description).

c) Jurisdictions of full exclusion (Group B)

Similarly, a universally adopted definition of “service” would help determine permissible sales-related identifications in Group B jurisdictions (i.e., jurisdictions that exclude “sale of goods” a permissible identification). For example:

- One requirement that defines the term “service” (e.g., those suggested in section 2.1) may focus on whom the activity benefits. This requirement would make it possible to determine activities that fall within the definition of service and those that do not. Situations similar to the one present in the PRAKTIKER case could be more easily decided with the adoption of such a definition.
- Once the definition of “service” is universally agreed upon, it would become easier to classify a given activity in accordance with the NCL’s General Remarks for services.
- Finally, the requirements in the definition of “service” could be worded using language suggested by the NCL, further clarifying the scope of service-related classifications.

There are countless ways in which to define “service” in accordance with the NCL’s guidance. Any definition, however, should require that an activity be rendered in favor of third parties in order to fall within the definition of “service.”

Based on the results of the survey, this report provides several possible definitions of a “service” related to the sale of goods:

- Service: the display, presentation, demonstration, and exhibition of a good, in a store or in any similar real or virtual space, that facilitates, encourages, and promotes retail or wholesale commercial transactions and that is provided for the benefit of consumers.
- Service: an activity in retail or wholesale stores with specific goods that benefits consumers or potential consumers and that facilitates, encourages, and promotes commercial transactions.
- Service: the quotation, demonstration, presentation, or exhibition of a good, including providing information- or advice-related support related to the purchase of the good, that is provided for commercial purposes or the promotion of sales and is provided for the benefit of customers.
- Service: an activity intended to facilitate, encourage, and promote a sale transaction of a good, in a store or in any similar real or virtual space, that benefits consumers or potential consumers.³⁴

The above definitions take into account the NCL’s guidance related to services, including:

- the Explanatory Note of Class 35, which states that Class 35 includes “the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through vending machines, mail order catalogues or by means of electronic media, for example, through web sites or television shopping programmes”³⁵; and
- several classifications included in the Alphabetical List of Services for Class 35,³⁶ for example:

³⁴ These definitions are included as examples. Even though they were drafted according to the standards set forth in the 11th version of the NCL, they have not been approved by any official authority.

³⁵ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017).

³⁶ *Id.*

Basic N°	Indication of services (class 35)
350023	Demonstration of goods
350092	Presentation of goods on communication media, for retail purposes
350120	Provision of an on-line marketplace for buyers and sellers of goods and services
350062	Professional business consultancy
350046	Shop window dressing
350093	Commercial information and advice for consumers [consumer advice shop]
350091	Price comparison services
350119	Providing business information via a web site

5.2. Toward a uniform definition

An agreed-upon definition of “service” would allow for harmonization of the three different approaches observed from the results of the survey. Such a definition would not only help to clarify the example at issue (i.e., the sale of goods), but would also help to clarify other issues related to services and activities that may present similar difficulties (e.g., services related to the manufacturing of goods). The adoption of a uniform definition would clarify the scope and aid the management of trademarks, especially marks with international projection.

The possible definitions of “service” are countless. The central issue would be developing a common interpretation of the scope of these possible definitions. This report suggests that any definition of “service” should include the four basic characteristics described in section 2.1.

A simple and direct definition of “service” could be “sale activities of an offered good” or “retail and wholesale activities of a good.” However, users who are not familiar with the classification system will likely interpret these definitions as referring to the sale of goods, in itself, which, as mentioned in the above sections of this report, is not considered a permissible service description. The adoption of a more detailed definition of “service”—such as the exemplary definitions provided above—would inform inexperienced users about the scope of Class 35 identifications. It is important that the scope of protection claimed for marks is able to be clearly and precisely interpreted. A uniform definition of “service” would facilitate this interpretation.

Based on the survey results, it is possible to establish a framework for assessing when it would be appropriate to apply for a service mark. An applicant should be able to include a service classification if it responds in the affirmative to the following first three questions, and in the negative to the last three:

Framework for Assessing the Appropriateness of a Service Classification		
1	Is the activity rendered by the applicant for the benefit of others?	YES
2	Does the claimed activity satisfy any need of consumers?	YES

3	Is the activity produced and provided by the applicant at the same time that it is consumed by the consumer?	YES
4	Is the activity performed by the applicant limited to the transfer of property (e.g., a physical object)?	NO
5	Can the description in the classification be stored?	NO
6	Does the description in the classification have any physical or chemical characteristics?	NO

In sum, there are countless possible definitions for the term “service.” A uniform, agreed-upon definition would harmonize the differing approaches observed from the survey results, leading to greater clarity regarding the scope of rights. Such a definition will also lead to greater ease in drafting acceptable trademark applications in jurisdictions that have adopted the NCL.

6. Final Note

This report does not include axiomatic conclusions. It is not intended to question any of the different practices described in the associates’ responses. However, this report reveals the need to work towards common concepts that, no doubt, will help the work of users of the NCL.

If each jurisdiction adopts a uniform definition of “service,” the effort required to handle trademarks with inter-jurisdictional projection will be surely be reduced. Further, the effectiveness of the NCL in managing trademarks will be increased, which is the goal of a uniform classification system.

Addendum: Addition of new service classifications in the 11th edition of the NCL (2018)

At the closing of this report, the 2018 11th edition of the NCL entered into force. In this new edition, the following indications related to retail or wholesale services were introduced or changed in the Alphabetical List of Services:

Class 35 Basic No.	Indications
350108	retail services for pharmaceutical, veterinary and sanitary preparations and medical supplies
350145	online retail services for downloadable digital music
350146	online retail services for downloadable ring tones
350147	online retail services for downloadable and pre-recorded music and movies
350148	wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies
350153	retail services for works of art provided by art galleries

The addition of these indications increases even more the need for a definition of the term “service.” This definition is essential to determine the scope of the new indications and their possible relationship to similar indications of goods in Classes 1-34, for example:

Goods indications	Related services indications
090695 downloadable music files	350145 online retail services for downloadable digital music
090694 downloadable ring tones for mobile phones	350146 online retail services for downloadable ring tones

Of course, one could assume that the above-mentioned online services refer to activities rendered to others related to the sale of goods as described in section 2.6.3 of this report. However, in no case will these indications of services cover the sale of the specified goods itself. In other words, the indication “retail services for downloadable digital music” does not include:

- a. the sale of downloadable digital music (which, as mentioned throughout this report, is expressly excluded from the classification), nor
- b. the “downloadable music files” (which is expressly included in Class 9).

Still, a uniform definition of “service” would ensure that users of the NCL reach this same interpretation.

It should also be noted that in the 11th edition of the NCL, analysis included in the Class 35 information file³⁷ was also amended as follows:

³⁷ WORLD INTELLECTUAL PROPERTY ORGANIZATION, NICE CLASSIFICATION (11th ed. 2017), http://www.wipo.int/classifications/nice/nclpub/en/fr/20170101/information_files/class/35/?lang=en; WORLD New York | Shanghai | Brussels | Washington, D.C. | Singapore | Santiago

NCL (11-2017)	NCL (11-2018)
Whilst the sale of goods is not considered in itself to be a service, activities relating to the bringing together of goods enabling customers to view and purchase them are in Class 35. This can be in physical retail outlets, through mail order catalogues or by means of on-line retail stores.	Whilst the sale of goods is not considered to be a service in itself , activities relating to the bringing together of goods enabling customers to view and purchase them are in Class 35. This can be in physical retail outlets, through mail order catalogues or by means of online retail stores. This is also the case for digital goods such as music.

The NCL maintains the same framework mentioned earlier in this report: although the sale of goods is excluded from Class 35, activities related to the bringing together of goods enabling customers to view and purchase them are included in Class 35. Still, without a definition of “services” to be used as a parameter, even the most experienced NCL user would notice at least some ambiguity with this amendment because the issues analyzed in this report remain the same. For example, some possible interpretations include:

- The “sale of downloadable music files” should be rejected as a permissible classification pursuant to the NCL amendment, because the “sale of goods is not considered to be a service in itself.”
- The “sale of downloadable music files” is exactly the same as the “retail or wholesale services for downloadable music files,” and thus should be available as a permissible classification, since the latter is listed as a classification in Class 35.
- The classification “sale of downloadable music files” does not refer to the “sale of goods” per se, but rather covers, for example, “online services provided for the benefit of consumers that consist in the display, presentation, demonstration and exhibition of downloadable digital music in order to facilitate, encourage and promote retail or wholesale commercial transactions.”
- The classifications “sale of downloadable music files” (Class 35) or “retail and wholesale services for downloadable music files” (Class 35) directly overlap with the classification “downloadable music files” offered for sale (Class 9).
- The owner of a trademark covering “downloadable music files” in Class 9 acquires the exclusive right to (1) use its mark to identify “downloadable music files” offered by electronic means; (2) advertise the mark on the front page of a website; and (3) carry out any activity for encouraging the execution of an on-line transaction. If this were the correct interpretation, a logical question arises: Why should this hypothetical owner face the costs associated with an additional application in Class 35?

In sum, a uniform definition of “service” as that term is used in the NCL would help to

1. determine activities that should be excluded from the classification system and those that should be included;
2. clarify the scope of protection of registered and applied-for trademarks; and
3. harmonize local practices in different jurisdictions that, initially, appear to be divergent.