

MODEL TRADEMARK LAW GUIDELINES

A REPORT ON CONSENSUS POINTS FOR TRADEMARK LAWS

**International Trademark Association
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Disclaimer

All information provided in these guidelines are the result of INTA's studies and analysis – first published in 1997 - on trademark law and related intellectual property issues in a global perspective. These guidelines were drafted with the sole purposes of setting out a framework of INTA's policies and positions on the various issues which reflect the cutting edge of trademark law and address the interest of brand owners and consumers worldwide. It is hoped that these guidelines will assist governments in their quest to develop and to maintain trademark laws that spur economic growth and investment while increasing consumer protection.

These guidelines:

- should not be treated as the basis for taking business decisions without professional advice;
- do not and cannot constitute the legal basis for any legal, business or strategic consultancy activity.

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I INTRODUCTION

In order to have a minimum set of baseline standards by which INTA can evaluate and comment on current and new trademark legislation, treaties, or regulations, the Model Law Guidelines Subcommittee of the Legislation & Regulation Committee has developed the following Model Law Guidelines (now “Model Trademark law Guidelines”), released for the first time in 1997, was last updated in 2007 and 2019.

By drawing on both existing trademark treaties and legislation and the expertise of INTA members worldwide, these Guidelines are intended to provide INTA’s perspective on how specific trademark law topics could or should be addressed.

These Guidelines should serve as a starting point for any discussion on trademark law-related matters, both inside and outside INTA. They also should serve as a practical tool for the development of INTA’s advocacy activity aimed at fostering effective trademark laws and policies worldwide and harmonizing their implementation.

The process for developing the Guidelines originally began in 1994, when members of the Model Law Task Force from North America, Europe and Asia reviewed the following documents, which, at that time, were perceived as providing a possible bases for international consensus on key points for the protection of trademarks:

- The Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods of 1993 (TRIPS)
- The Model Law for Developing Countries on Marks, Trade Names and Acts of Unfair Competition of 1967 (produced by the United International Bureaux for the Protection of Intellectual Property “BIRPI”)
- The Trademark Law Treaty of 1994 (TLT)
- The European Community First Council Directive of December 21, 1988 to approximate the laws of member states relating to trade marks
- The United States Trademark Act of 1946 (the Lanham Act)

Making use of these materials (as subsequently amended) and such other national laws or international conventions (e.g. the Paris Convention and the Madrid Arrangement), as well as relevant INTA positions, the Model Law Task Force identified a set of consensus points and commentary outlining the rationale for each point.

To ensure that the Model Law Guidelines stayed consistent with INTA policies and advances in international trademark law over the years, a review task force in 2006 considered various resolutions adopted by the INTA Board of Directors since 1997, and, where applicable, made changes to the Guidelines. The following Board resolutions were

taken into consideration which led to the adoption by the Board of the revised Guidelines in 2007:

- WIPO Provisions for National Laws on Measures Against Counterfeiting and Piracy (September 1998)
- World Customs Organization – Model Legislation (November 1997)
- WIPO Provisions for the Protection of Well-Known Marks (September 1999)
- Burden of Proving Consent in Parallel Import Cases (March 2001)
- Exhaustion of Trademark rights and Parallel Importation (May 1999)
- Unfair Competition (March 1998)
- Relaxation of Trademark Registration Notice Requirements and Sanctions (March 1999)
- Anti-Cybersquatting (May 1999)
- Resolution on Notarization and Legalization Requirements (November 2002)
- Measures to Combat Trademark Counterfeiting (March 2005)
- Well-Known Mark Registries (November 2005)
- Protectability of Touch Marks (November 2006)
- The Singapore Treaty on the Law of Trademarks (November 2006)

Another review of the Guidelines began in 2016 in order to draft the present Model Trademark Law Guidelines (2019), and which took into consideration the following Board resolutions:

- Partial Non-use Cancellation Actions (November 2011)
- Well-Known Mark Protection in the United States of America (March 2011)
- Extension, Deferral & Suspending of Opposition proceedings (September 2009)
- Bad Faith as a Ground for Opposition Proceedings (September 2009)
- Use of Classification in Likelihood of Confusion Analysis (September 2010)

- Requirements for Pre- and Post- Registration Opposition System Jurisdiction (November 2012)
- A “Material Differences” Standard for International Exhaustion of Trademark Rights (March 2015)
- Benefits of Opposition Proceedings (September 2008)
- Repeat Filings of Trademark Applications After Successful Opposition/Cancellation Against the Same Mark Based on Prior Rights (March 2015)
- Default Judgements in Inter Partes Opposition and Cancellation Proceedings (November 2013)
- Continued Open Access to the Whois Database (November 2008)
- Amendment of the Lanham Act to Include a Rebuttable Presumption of Irreparable Harm (May 2017)
- Removal of Trade Names and Other Business Identifiers Not in Use From the Relevant Registries (September 2012).

The revised Model Law Guidelines were approved by INTA’s Board of Directors in (September/2019) and will continue to be supplemented periodically to reflect new positions taken by INTA in furthering standards for the international protection of trademarks.

II CONSENSUS POINTS

1 Use Requirements and Non-Use Cancellation

1.1 Proposal:

For all jurisdictions, there should be no requirement to demonstrate actual use at the time of filing an application.

Rationale:

The proposal is intended to reflect the trend in international jurisprudence away from use as a precondition of filing an application which reflects the desire of a trademark applicant to know that they are likely to gain approval to use a mark before they start to use that mark in commerce. Article 15.3 of TRIPS¹ states that “actual use of a trademark shall not be a condition for filing an application for registration.” This proposal deliberately does not prohibit the adoption of provisions which would require (a) a declaration of an intent to use upon filing an application or (b) a demonstration of use as a precondition to registration (i.e. after acceptance) or upon renewal or at some other stage after registration so as to facilitate the removal of unused marks from the register, provided that such requirements are consistent with the other proposals set out in this Report.

1.2 Proposal:

Trademark registrations should be capable of cancellation at the application of any interested person if they are not used at any time within a continuous period (minimum three years; maximum five years) after the date of registration of that mark.

Rationale:

The time at which cancellation for non-use should be possible should not run from the date of application because there is no exclusive right to use the mark until the date of registration of that mark. (This proposal extends but is not inconsistent with TRIPS Article 15.3 which requires that “an application shall not be refused solely on the ground that the intended use has not taken place before the expiry of a period of three years from the date of application”). The non-use period has been set at three to five years because five years is the standard in Europe as a result of the EC Harmonization Directive² (“the Directive”)

¹ Agreement on Trade-Related Aspects of Intellectual Property Rights, April 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994).

² First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and revisions thereof, including the ‘recast’ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, 2015 O.J. (L. 336) 1 [hereinafter EUTMD]. See also the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, 2017 O.J. (L 154) 1 [hereinafter EUTMR].

and the period of three years stipulated in TRIPS is a minimum standard. With regard to the standard of use required, please refer to Proposal 1.4 below.

1.3 Proposal:

1.3.1 *There should be a saving against cancellation under 1.2 where the mark has not been used as a result of circumstances arising independently of the will of the trademark owner which constitute an obstacle to the use of the trademark, for example, import restrictions on or other government requirements for goods or services protected by the trademark.*

1.3.2 *Use of a trademark on exports should be considered use for the purposes of cancellation provisions.*

Rationale:

It is necessary to provide for circumstances which prevent the trademark owner from using the mark. The wording of Proposal 1.3.1 tracks that of TRIPS Article 19.1. Rather than limiting excusable non-use to that caused by governmental or regulatory prohibitions or restrictions (for example a pharmaceutical product cannot be marketed without government approval and it may be several years before this is granted), the Subcommittee concluded that it would be appropriate to allow non-use on broader grounds. For example, Japan's case law refers to "legitimate reasons", meaning reasons not attributable to the trademark owner's responsibility and difficult to foresee, e.g. Acts of God, "force majeure" circumstances.

1.4 Proposal:

To avoid cancellation under 1.2 the use must be actual and bona fide in the course of trade for the goods and/or services in respect of which the mark has been registered.

Rationale:

The intention is that only genuine, use in the course of trade should be sufficient to sustain a trademark registration and that bad faith and token use should not be adequate to sustain a trademark registration. Countries can enact legislation imposing appropriate penalties for false statements made in bad faith.

1.5 Proposal:

The procedures for cancellation:

1.5.1 *may include an ex officio procedure by the registry requesting the trademark owner to demonstrate use of its registered mark, but not before at least three years have elapsed since its registration and allowing for special circumstances that excuse the absence of use;*

1.5.2 *should include an adversarial procedure whereby claims by the trademark owner to have used the registered mark can be properly tested before the registry or a court; and*

1.5.3 *in both cases, should place the burden of proof on the trademark owner to show that it has used the registered mark in the manner required by proposal 1.4.*

Rationale:

One example of such a rule is Canada's Section 45 proceeding.³ On its own initiative or at the request of a person who pays the prescribed fee, the Registrar may require the trademark owner to furnish evidence of use of the mark in Canada by the owner or its licensees at any time during the three year period immediately preceding the date of the notice, with respect to each of the goods or services specified in the registration. If the trademark owner does not produce satisfactory evidence of use of the mark or special circumstances that justify the absence of use, the registration may be canceled.

The purpose of Proposal 1.5.1 is to provide a relatively quick and inexpensive procedure for clearing deadwood marks where the trademark owner is no longer using the registered mark.

Ex officio means that the parties to the procedure are the registry and the trademark owner, notwithstanding the fact that a third party may have initiated the registry's action or submitted evidence to the registry in support, as in Canada's Section 45 procedure.

A thorough examination of all the evidence is required, and may include cross examination of witnesses by the registry or the third party adversary.

2 Well-Known Marks

Proposal:

2.1 *There should be protection for 'well-known' marks without requiring registration and/or actual use in the form of sales of goods or services under the mark in the jurisdiction in question provided that such mark has sufficient local reputation to be considered well-known. Such protection should be in compliance with Article 6bis of the Paris Convention. The obligation under that provision has been reaffirmed in Article 2.1 of TRIPS. It is to be noted that in some countries, treaties are not self-enforcing, and legislation is required for the purpose of compliance.*

³ Trade Marks Act R.S.C. 1985 c. T-13, amended on September 21, 2017, current to September 16, 2018.

- 2.2** *In determining whether a mark is a well-known mark, any circumstances from which it may be inferred that the mark is well-known should be taken into account including, but not limited to, information concerning the following:*
- 2.2.1 *the degree of knowledge or recognition of the mark in the relevant sector of the public;*
 - 2.2.2 *the duration, extent and geographical area of any use of the mark;*
 - 2.2.3 *the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;*
 - 2.2.4 *the duration and geographical area of any registrations, and/or any applications for registration, of the mark, but only to the extent that they reflect use or recognition of the mark in the territory concerned;*
 - 2.2.5 *the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well-known by competent authorities.*
 - 2.2.6 *the value associated with the mark.*
- 2.3** *The above non-exhaustive list of factors, which are guidelines in determining whether a mark is a well-known mark, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant; in other cases only some of them may be relevant; in still others none of them may be relevant and the decision may be based on additional factors not listed above.*
- 2.4** *Well-known marks shall also be protected against conflicting marks, business identifiers, and domain names – at least with effect from the time when the mark has become well-known – and one of the factors to be considered in assessing any competing interests in this regard shall be the bad faith of the party adopting the conflicting marks, business identifiers, or domain names.*
- By ‘business identifiers’ is meant any sign used to identify a business of a natural person, a legal person, an organization or an association.*
- By ‘domain name’ is meant an alphanumeric string that corresponds to a numerical address on the Internet.*
- 2.5** *There may be provision for a mark to be declared a well-known mark by a court or by a registry, at its discretion, where the court or registry is satisfied that the relevant criteria for establishing well-known status have been met.*

2.6 *If, notwithstanding that INTA has not endorsed and does not support the establishment of a register of “well-known” marks as a separate category of registered marks, a country elects to establish a well-known mark register such country should adopt the following procedures:*

2.6.1 *Publication of the purpose and benefits of the register.*

2.6.2 *Publication of the adopted rules setting forth the criteria and procedures that will be used by the examining authority to determine whether a mark is well-known.*

2.6.3 *A set term of 10 years for a well-known mark registration with the opportunity for the mark owner to apply for renewal.*

2.6.4 *Procedures for third parties acting in good faith to oppose the registration of a mark on a well-known mark register and to move for cancellation of a registration on a well-known mark register at any time, including procedures for publication of intended registration of a mark on a well-known mark register and/or searchable records of marks registered or intended to be registered on a well-known mark register, as appropriate for the jurisdiction. In drafting opposition and cancellation procedures, consideration should be given to developing appropriate criteria for standing and deadlines for submissions once a proceeding has commenced to ensure that the prosecution of such proceedings is reasonable and expeditious.*

2.6.5 *Clarity in the law that, while inclusion on a well-known mark register may facilitate a trademark-related legal claim, inclusion on the well-known register is not a prerequisite for bringing a claim; nor should any negative inference be drawn that the mark is not well-known if the mark is not on such register.*

2.6.6 *Confidential treatment of financial and other sensitive business information submitted in support of an application for inclusion on a well-known mark register, with disclosure only to those participating in proceedings related to such application and any resulting registration.*

2.6.7 *Assurance that the right of a trademark owner to seek protection of its trademarks under the laws existing in a particular jurisdiction or under international law, including the right to establish in litigation or another proceeding that its trademark is well-known, shall not be prejudiced by the fact that its trademark is not included on a well-known mark register.*

Rationale:

Proposals 2.1, 2.2, 2.3, and 2.4 track the resolution on well-known marks protection adopted by the INTA Board on September 18, 1996, as well as the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks as adopted by the General Assembly of the World Intellectual Property Organization and the Assembly of the Paris Union in September 1999.

The declaration procedure in Proposal 2.5 should not operate as a pre-requisite to protection for a well-known mark (as Proposal 2.1 makes clear).

By 'registry' it is meant the office that registers trademarks and/or decides trademark opposition or cancellation actions in a particular jurisdiction. The term 'registry' is not intended to include a well-known mark register as discussed in Proposal 2.6.

Proposal 2.6 tracks the resolution on Well-Known Mark Registries adopted by the INTA Board dated November 9, 2005. In respect of Proposal 2.6, INTA has never endorsed registration procedures for well-known marks. Proposal 2.6 does not endorse or recommend well-known mark registers. Nevertheless, to the extent a jurisdiction decides to adopt a well-known mark register, INTA wishes to ensure that implementation of such a register is effectuated in a manner that affords legal certainty to the protection of well-known marks in that jurisdiction. The proposal sets out a procedure whereby trademark owners can opt to obtain a declaration of well-known status to avoid the expense and inconvenience of repeatedly establishing the fame of a mark, e.g. in different infringement or opposition actions.

3 Registrability of Marks

3.1 Proposal:

A mark should be registrable, subject to 3.2, and regardless whether the mark consists of subject matter protected by way of other intellectual property rights, if it is (a) visually perceptible or (b) capable of being depicted or described by written description, diagram or other visual means or, at the option of the Trademark Office having jurisdiction over the matter, if it is otherwise capable of being perceived through means of generally available technology and enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to the trademark owner. This includes alphanumeric marks, color marks, the shape or configuration of products or packaging, and other three-dimensional marks. It also includes sound, smell, taste, or touch marks where these satisfy the above criteria.

Rationale:

The intention is that the scope for registration should be as broad as possible, in keeping with international jurisprudential developments. The Proposal is not in conflict with TRIPS, although Article 15.1 permits Members to require as a condition of registration that signs be visually perceptible. The category of registrable marks is not limited to those which are visually perceptible since this could have the effect of excluding sound and olfactory marks. The registration of such marks should be permitted provided that they do not fail on any of the absolute or relative grounds of refusal set out in Proposal 3.2. Proposal 3.1 also includes the substance of the resolution on Protectability of Touch Marks adopted by the INTA Board dated November 8, 2006.

It is vital that businesses wishing to use a particular mark should be able to conduct the necessary searches at trademark registries using generally available means. The approach adopted in the recent amendment of the European Union Trade Mark Regulation (“EUTMR”) and European Trade Mark Directive (“EUTMD”) is to be recommended. Under the previous Regulation, a mark could only be registered if it was “capable of being represented graphically”. This did not cover all “non-traditional trademarks”, and thus EUTMR Article 4(b) now provides that in order to be registrable, a ‘sign’ must be “capable of being represented on [the Register] *in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to the proprietor.*” A ‘non-traditional’ mark may be considered capable of being registered if its nature and scope can be perceived through generally available technology.

3.2 Proposal:

The substantive grounds for refusal of registration listed below apply to oppositions, cancellations and, at the option of the local Trademark Office, to ex parte examination of applications. There should be an express presumption of registrability irrespective of the nature of the goods or services (including retail store services), but a mark should not be registrable by the applicant to the extent that:

- 3.2.1 *it is devoid of any distinctive character;*
- 3.2.2 *it describes the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or rendering of the services, or other characteristics of the goods or services;*
- 3.2.3 *it consists exclusively of signs or indications which have become generic or customary in the current language or in the bona fide and established practices of the trade;*
- 3.2.4 *it is deemed functional;*
- 3.2.5 *it is likely to deceive the public, for instance as to the nature, quality or geographical origin of the goods or services;*
- 3.2.6 *it has not been authorized by the competent authorities and is to be refused or invalidated pursuant to Article 6ter of the Paris Convention;*
- 3.2.7 *it would be confusingly similar to a prior application or registration (with the test to be likelihood of confusion);*
- 3.2.8 *an agent or representative of the proprietor of the mark, without the authorization of the proprietor, has applied to register the mark and claims ownership of the mark in violation of Article 6septies of the Paris Convention;*

3.2.9 *registration of the mark would otherwise amount to a misappropriation by fraud or other bad faith means;*

3.2.10 *its use would likely lead to the dilution of a well-known trademark;*

3.2.11 *its use would violate other earlier rights of third parties;*

3.2.12 *it consists of or comprises the name, portrait or signature of a particular living individual except with his or her written consent.*

Rationale:

Proposal 3.2 follows and supplements the EUTMD and EUTMR which are perceived to be the most succinct embodiment of current norms for what should make a trademark inherently unregistrable. The presumption of registrability is in keeping with current trends in international trademark jurisprudence. Proposal 3.2 has not suggested the stage in the application process during which the grounds for unregistrability should be raised, i.e. during the examination stage, or through oppositions or post-registration proceedings. Rather, Proposal 3.2 would permit each registry to determine when the grounds for unregistrability may be raised, except as provided in Proposal 6, which sets forth certain grounds for Revocation and Invalidity Proceedings.

Proposal 3.2.1 allows nations to require proof of distinctiveness acquired through use for non-traditional marks and refuse to register such marks on the ground that the mark has not acquired distinctiveness. Proposal 3.2.8 gives a clear right of priority to an earlier trademark application or registration (such earlier application or registration could, of course, be invalidated on other grounds: see further 3.4). Proposals 3.2.9 and 3.2.10 are intended to cover various forms of bad faith. Proposal 3.2.9 reflects the provisions of Article 6*septies* of the Paris Convention. Proposal 3.2.10 is worded generally so as to catch other forms of bad faith or fraudulent misappropriation. Proposal 3.2.11 would allow opposition or cancellation based on dilution. It is believed that a likelihood of dilution standard provides more protection for trademark owners than more stringent standards which may require actual dilution. Proposal 3.2.12 would allow opposition or revocation based on prior intellectual property rights which may not be the subject of a trademark application or registration.

3.3 Proposal:

There may be a provision for marks to be considered distinctive through use for descriptive marks (discussed in 3.2.2) and non-functional marks or signs consisting of colors, the shape or configuration of products or packaging, scents, flavors, textures, and other non-traditional marks which are not inherently capable of distinguishing the relevant goods or services.

Rationale:

This proposal is consistent with internationally accepted standards for registration of marks which are not inherently distinctive, but which can acquire distinctiveness through use of the mark in connection with the sale of goods or services. Examples include terms that describe the qualities or characteristics of a product, or its geographical origin. The proposal is also consistent with Article 15.1 of TRIPS which provides: “Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use.” This proposal is limited to descriptive and non-traditional marks which are not functional because nations generally refuse to register the other subject matter in 3.2 for various public policy reasons regardless of whether it has become distinctive through use. For example, one rationale for excluding functional signs from registration regardless of whether they have acquired distinctiveness is to prevent the functional features of a product configuration previously protected by an expired utility patent from being accorded perpetual protection in violation of the principles of fair competition.

3.4 Proposal:

There should be provision for 3.2.8 to be suspended while opposition or cancellation proceedings are pending against the prior application or registration.

Rationale:

Without this Proposal, re-filing of applications and other unnecessary formalities must be complied with to ensure that the later applied for mark is suitably protected while the proceedings in question are continuing.

3.5 Proposal:

3.5.1 *There should be provision for a standard type face in which the mark can be filed when seeking protection for the word when used in any script or style.*

3.5.2 *Use of a mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered should also constitute use.*

Rationale:

The purpose of this Proposal is to avoid arguments as to infringement or cancellation for non-use, where use is made of different lettering or layout for the same mark.

3.6 Proposal:

There should be provision for concurrent registration of identical marks in appropriate circumstances. An important example is acquiescence, for which many national laws make provision and which should be universally accepted. It is also appropriate to consider the principle of 'honest concurrent user', although this should be optional. These provisions should apply even where a prior registration is for a well-known trademark.

Rationale:

It would be unfair to impose an absolute bar to the registration of previously unregistered marks, which have been used in good faith.

3.7 Proposal:

Initial registration and each renewal of a registration of a trademark should be for a term of not less than 10 years. The registration of a trademark should be renewable indefinitely.

Rationale:

This proposal reiterates TRIPS Article 18 but substitutes a minimum term of ten years rather than seven, as this is not the internationally accepted norm as demonstrated in the Trademark Law Treaty.

3.8 Proposal:

Countries should impose appropriate consequences, including penalties, for false statements in trademark applications, affidavits, or declarations filed with the Trademark Office. Countries may require proof of bad faith or an intent to deceive, and materiality of the misrepresentation, before penalties are imposed for false statements made in connection with a trademark application or documents filed to maintain or renew the trademark registration. Penalties may include partial or total cancellation or invalidation of the class of goods or services from the registration, or partial or total cancellation or invalidation of the entire registration. Penalties should not be imposed for honest mistakes of the trademark applicant or attorney.

Rationale:

The purpose of this provision is to discourage the making of false and deceptive statements in trademark applications, affidavits, or declarations, and promote the accuracy and integrity of the trademark register. The public relies on the register to determine if a chosen mark is available for use or registration. If a mark is erroneously included on the register, third parties may spend unnecessary time and money to investigate actual use or ownership of the mark by the registrant, petition to cancel the mark, engage in civil litigation regarding the mark, or change their plans to avoid use of the mark. Material misstatements that lead to the registration of the mark or change the scope of the mark harm the integrity of the register, whether or not the misstatements were intentional. Correction of the register to reflect the truth is not a penalty and is justified to improve the accuracy of the register.

The applicant or registrant has a duty to ensure that the trademark application, affidavit, or declaration is signed by someone with knowledge about the facts in the document, such as an officer of the trademark applicant. Failure to comply with this duty harms the integrity of the register and generally lacks good cause, because facts asserted in the document are often particularly within the knowledge of the party submitting it. False statements may relate to the applicant's or registrant's use or excusable non-use of the trademark with the goods or services listed in the registration, ownership of the trademark, or third party rights in the trademark, among other things. Honest mistakes and a mere failure to investigate third party use are insufficient to justify a finding of bad faith or an intent to deceive.

4 Ex-Parte Searching

Proposal:

- 4.1 *It is recommended in evaluating any likelihood of confusion between marks for the purpose of registrability under 3.2.8 that, rather than a mere deposit system or an examination based solely on classification of goods and services, an examination system is adopted and used that takes prior trademark rights into account, whether registered or unregistered.*
- 4.2 *The provision of search facilities should be mandatory for developed nations but optional for developing countries. Such facilities must allow searching without notice to the proprietor(s) of the marks searched and should permit identification of applications as well as registrations. Ideally, it should be possible to search on the basis of (1) prior conflicting marks and (2) all marks belonging to a specified proprietor/applicant, including the option to inspect documents on the registry's docket with respect to a particular registration/application. Additionally, countries should log or track a party's use of search facilities in order to avoid imputing notice to third parties based solely on the use of said search facilities however, such logging should not be publicly available.*

Rationale:

INTA supports pre-registration examination but accepts that this may not be practicable for Trademark Offices in developing countries with limited resources or those having a low turnover of applications. In such cases, INTA supports the provision of means to allow an *ex parte* search and opposition procedure.

It is important that parties should be able to search for similar marks and to establish the basis on which registration has been sought or obtained without alerting competitors and or the owners of potentially conflicting marks. Further, it is important that parties be able to use a country's search facilities free of the concern that their search queries are being logged or tracked. Because of the costs of setting up searching systems, developing countries should not be obliged to provide this service.

5 Opposition Procedure

Proposal:

- 5.1 *A procedure for opposing trademarks must be available, either pre-registration opposition procedures or within a certain time limit post-registration (maximum 3 months). In each case the time limit should run from the date of publication or advertisement of the application or registration as the case may be.*
- 5.2 *Where grounds for opposition exist in respect of only some of the goods or services for which the trademark is applied for, opposition should relate to those categories of goods or services only.*
- 5.3 *Provision must be made for default judgment in the event that the applicant for the opposed mark has not, within a specified period, filed an official response to the opposition.*

Rationale:

Article 15.5 of TRIPS makes discretionary the provision of opposition procedures. Opposition procedures are important when there is no substantive examination. However, it is thought that the rights conferred by virtue of registration are of such significance that it should not be possible to obtain them without third parties first having the opportunity to prevent such rights arising. Otherwise, the registered proprietor could, for example, rely on its rights to frighten customers of any relevant competitor from supplying relevant products.

Pre-registration procedures are preferable. Post-registration procedures should apply only if there is no pre-registration procedure and should be subject to a maximum time limit of three months in fairness to registered proprietors. A three month non-extendable time limit for opposition accords with the Madrid Arrangement.

6 Revocation and Invalidity Proceedings and Registry/Review Procedures

Proposal:

- 6.1 *Revocation and invalidity proceedings against registrations must be available to any interested party, the grounds being any of those listed at 1.2 and at 3.2.1 to 3.2.13. A declaration of well-known status of a mark which has not been contested by third parties should similarly be subject to challenge at any time by any interested party.*
- 6.2 *Provision must be made for default judgment in the event that the registrant of the challenged mark has not, within a specified period, filed an official response to the application for revocation or invalidity.*
- 6.3 *Except for revocations against registrations that consist exclusively of signs or indications which have become generic or customary in the current language or in the bona fide and established practices of the trade; once a registration has been revoked or declared invalid there should be no bar to any person applying to register the mark immediately other than*

the original applicant if it is deemed to have secured the registration in bad faith, in which case the applicant should be barred.

- 6.4** *Where grounds for revocation or invalidity exist in respect of only some of the goods or services for which the trademark is registered, revocation or invalidity should relate to those categories of goods or services only.*
- 6.5** *Where the registration of a trademark is revoked to any extent, the rights of the proprietor should be deemed to have ceased to that extent as from:*
- a) the date of the application for revocation; or*
 - b) if the registry or court is satisfied that the grounds for revocation existed at an earlier date, that date.*
- 6.6** *Where the registration of a trademark is declared invalid to any extent, the registration should to that extent be deemed never to have been made.*
- 6.7** *Registry procedures concerning the acquisition or maintenance of trademark rights (including procedures for opposition, revocation and cancellation whether inter partes or ex officio) shall be fair and equitable. The procedures shall not be unnecessarily complicated or costly or entail unreasonable time limits or unwarranted delays. Registries shall not require the notarization or certification of any signatures in trademark application or renewal procedures, or of any evidence submitted in administrative appeals or other proceedings before the registries including, without limitation, oppositions, cancellation actions, nullity actions, revocation proceedings and the like. Decisions on the merits of a case shall be in writing and reasoned, and made available to those directly affected by the decision without undue delay. Such decisions shall be based only on evidence in respect of which parties have been offered the opportunity to be heard. Such decisions shall be subject to review by a judicial or quasi-judicial authority.*

Rationale:

This proposal complies with TRIPS Article 15.5. If a registration is invalid, in principle, it should never have been entered on the register and therefore no consequences should flow from the fact of registration. However, it would be undesirable from the perspective of legal and business certainty to interfere with transactions (such as licensing arrangements) completed before the declaration of invalidity. A more flexible approach is required where a mark is revoked, for example for non-use or because it has become generic. Hence the wording of Proposal 6.4 (Proposals 6.4 and 6.5 are based on the Trade Marks Act, 1994 in the United Kingdom). It was also thought desirable to include provisions with respect to registry and appeal procedures, based on those stipulated by TRIPS (Article 62 paragraphs 4 and 5).

This proposal also incorporates Article 8.4 of the Trademark Law Treaty (the “TLT”), which prohibits contracting parties from requiring attestation, notarization, authentication,

legalization or other certification of any signature during the trademark application and renewal process, except with respect to surrender of registrations where the law of the contracting party so provides. The TLT was concluded in October 1994 and the succeeding Singapore Treaty on the Law of Trademarks was concluded in 2006. However, many countries not acceded to either the TLT or Singapore Treaty and still have onerous certification requirements for signatures on trademark applications and renewals. Moreover, some countries have required or are considering requiring notarization and legalization of evidence submitted during administrative appeals to their trademark review and appeals boards. Notarization and legalization requirements increase the time necessary to obtain trademark protection and result in increased costs to trademark owners, particularly foreign trademark owners. Therefore, it is desirable to eliminate notarization and legalization requirements during the trademark application process.

7 Registration Notice Requirements

Proposal:

The following principles should apply with respect to notice of registration for registered marks:

- 7.1** *It should not be mandatory to represent that a trademark is registered.*
- 7.2** *The ® symbol should be one of the legally permissible designations to indicate that a trademark is registered.*
- 7.3** *Absent an intent to mislead, it should not be a civil wrong or criminal offense in a country where a mark is not registered, to represent that it is registered by use of a legally permissible designation, provided that said mark is registered in the relevant class in:*
 - a) the country in which the trademark owner has either a domicile or a seat; or*
 - b) the country in which the product/service was first manufactured/rendered; or*
 - c) the country in which the product/service was first marketed.*

Rationale:

With the evolution of global trade and the increasing sales of products/services over the Internet, it is desirable for companies to be able to offer their products in uniform packaging or to render services that enable them to benefit from substantial cost savings. Provided that companies do not infringe prior rights or mislead consumers, they should be free to market their products/services in any manner they choose. Accordingly, there should be no requirement that a trademark owner indicate that its mark is registered in the relevant class in any country, and when trademark owners choose to mark their products, the ® symbol should be acceptable in all countries, as it is arguably the most widely accepted

symbol of registration. Furthermore, there should be limitations on sanctions for misuse of registration designations and the ® symbol should not be used as a promotional vehicle.

8 Registration of Interests

Proposal:

There should be optional (but not mandatory) registration for security interests and assignments. There should be no mandatory requirement to register licenses of registered trademarks. Registration should give notice to the world of the interest or transaction, but should not be the determining date from which the interest or transaction takes effect.

Rationale:

Given the value of trademarks and the importance of establishing who owns them and what encumbrances may exist over them, such as, in relation to the taking of security, a system for registering those interests is desirable. A non-mandatory system is preferred, as a mandatory system could unfairly penalize inadvertent or delayed non-compliance.

9 Trademark Rights and Exceptions to Exclusive Rights

Proposal:

9.1 *The owner of a trademark shall be entitled to prevent any person from using without authorization in the course of trade,*

9.1.1 *a mark or sign that is identical to the protected mark and is used in relation to goods or services that are identical to those for which the trademark is protected;
or*

9.1.2 *where 9.1.1 is not applicable, a mark or sign that is identical or similar to the protected mark and is used in relation to goods or services which are identical or similar to the goods or services for which the mark is protected, if there exists a likelihood of confusion.*

9.2 *Where the protected mark is well-known, the owner shall be entitled to prevent any person from using without authorization in the course of trade an identical or similar mark or sign in relation to goods or services, regardless of whether the goods or services are identical or similar to the goods or services for which the mark is protected, where such use*

9.2.1 *creates an association with the protected mark and without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the well-known mark; or*

9.2.2 *indicates a connection between the person's goods or services and the trademark owner and the use is likely to damage the interests of the trademark owner.*

9.3 *The exclusive rights of the trademark owner set forth in 9.1 and 9.2 shall include the right to prevent the following non-exhaustive list of actions by others:*

9.3.1 *affixing the mark or sign to the goods or packaging;*

9.3.2 *offering the goods or services under the mark or sign;*

9.3.3 *placing goods on the market or supplying services under the mark or sign;*

9.3.4 *importing or exporting goods under the mark or sign;*

9.3.5 *using the mark or sign as a trade name or company name or as part of a trade name or company name; or*

9.3.6 *using the mark or sign in advertising or on documents publicly distributed or displayed in the course of trade.*

9.4 *The protection conferred by a trademark shall not entitle the trademark owner to prevent a third party from:*

9.4.1 *non-commercial use of the mark or sign;*

9.4.2 *use of the mark or sign in the course of trade in accordance with honest practices in industrial and commercial matters:*

(1) *as a natural person's own name or address, in order to designate the goods or services originating from the business carried out by, or in cooperation with, that person, or to identify that business;*

(2) *to describe the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or rendering of the services, or other characteristics of the goods or services;*

(3) *for the purpose of identifying or referring to goods or services as those of the owner of the trademark, in particular*

(a) *in comparative advertising that is not false or misleading, whether explicitly or implicitly, or likely to cause confusion; or*

(b) *where the use of that mark is necessary to indicate the intended purpose of a good or service;*

- (4) *to communicate ideas and information, including parody, satire, news reporting, criticism, commentary, and other forms of artistic, literary, or editorial expression;*
- (5) *where the element of the mark or sign used by the third party is a shape, color, or other characteristic (a) which results from the nature of the goods or services themselves, (b) which is necessary to obtain a technical or functional result, or*
- (6) *where the element of the mark or sign used by the third party is devoid of any distinctive character, is generic, or is customary in the current language or the bona fide and established practices of the trade.*

9.5 *The enforcement of trademark rights shall be subject to the following defenses:*

9.5.1 *any of the grounds for cancellation of a registration of a trademark; or*

9.5.2 *acquiescence or other equitable defenses, where recognized by law.*

9.6 *Rights in a trademark are territorial and shall be considered exhausted and the owner of a trademark shall not be entitled to prohibit its use within the relevant country:*

9.6.1 *in relation to goods which have been put on the market under that trademark in a particular country by the owner or with the owner's consent; or*

9.6.2 *for the importation of goods in a particular country where the importer proves that the trademark owner has consented to such importation within that country.*

9.6.3 *Paragraphs 9.6.1 and 9.6.2 shall be subject to laws concerning the free movement of goods in free trade areas and countries within a common market, and shall not apply where legitimate reasons exist for the owner to oppose further commercialization or the importation of the goods, especially where the condition of the goods is materially different from when they were put on the market.*

Rationale:

Proposals 9.1, 9.2, 9.3, 9.4, and 9.5 above are consistent with Articles 16 and 17 of TRIPS and trademark laws in the European Union, United States, and other nations relating to infringement, dilution, and defenses. The phrase “mark or sign” in these proposals includes words, names, symbols, trade names, and the trade dress of goods or services. Proposals 9.1 and 9.2 are not limited to registered marks because a mark may be protected without registration under the trademark laws of some countries. The “double identity” rule in Proposal 9.1.1 only applies when the marks and the goods or services of the parties are identical, and this rule shall be strictly interpreted. The phrase “used in relation to goods or services” in Proposal 9.1 and “using...in relation to goods or services” in Proposal 9.2 means the person is using the mark or sign as a trademark for goods or services. Proposal

9.2 requires nations to protect well-known marks or marks with a reputation against dilution or infringement when the parties' goods or services are dissimilar. Guidelines for determining whether a protected mark is well-known under Proposal 9.2 are set forth in Proposal 2. Nations have discretion to determine how many consumers must have knowledge of the trademark in the relevant sector of the public for the mark to be deemed well-known under Proposal 9.2.

The "documents" in Proposal 9.3.6 include invoices, correspondence, business cards, and similar external print or electronic communications distributed or displayed to the public.

Proposal 9.4 includes exceptions to trademark rights that protect freedom of expression and fair competition in trademark law. Proposal 9.4.1 includes a defense for use of another's mark or sign in noncommercial expression including but not limited to political expression, social commentary, and reviews by consumers of goods or services. While use of the mark in the course of trade is required for infringement under Proposals 9.1 and 9.2, some nations may not require commercial use of the mark for infringement or may want to place the burden on the accused infringer to prove the use is noncommercial.

Proposal 9.4.2 includes defenses that allow fair use of another's mark or sign in the course of trade if the third party's use of the mark is in accordance with honest practices in industrial or commercial matters. Proposal 9.4.2(1) allows fair use of a natural person's own name or address, and the word "address" refers to the actual street address of the accused infringer and not its broader geographic location (such as London). Proposal 9.4.2(2) contains the descriptive fair use defense recognized in Article 17 of TRIPS. A registered mark may include words, symbols, or other signs that are descriptive, and this defense allows fair use of the descriptive language to convey its original meaning, even if the mark has acquired distinctiveness. Proposal 9.4.2(3) allows traders to use a mark to refer to the trademark owner or its goods or services, including for comparative advertising that is truthful, non-misleading, and otherwise consistent with principles of fair competition, as well as with the sale or advertising of accessories, spare parts, compatible parts, repair services, genuine used goods, and other legitimate uses of another's mark that provide accurate information to consumers about goods or services in the marketplace. Proposal 9.4.2(4) protects freedom of commercial expression by allowing certain uses of another's trademark to convey ideas and information, including but not limited to for-profit use of another's mark in paintings, photographs, movies, songs, books, news articles, blog posts, social media posts, teaching, scholarship, and commercial reviews of consumer products or services. Proposals 9.4.2(5) and 9.4.2(6) recognize that the trademark owner's mark or trade dress may be non-functional and distinctive overall (and thus capable of registration and protection), but still contain elements or features that are functional, generic, or otherwise not distinctive and should remain in the public domain for use by all traders unless protected by other intellectual property laws. Thus, Proposal 9.4.2(5) allows fair use of the functional features of a protected mark or trade dress, such as use of the functional parts of a protected three-dimensional product configuration for an automobile or use of the color green to communicate that a product is environmentally friendly. Proposal 9.4.2(6) clarifies that third parties can use generic terms, common names in the trade for goods or services, and other non-distinctive elements of protected trademarks.

While courts will likely find that the uses of another's trademark listed in Proposal 9.4 do not satisfy all the elements of a claim for infringement or dilution, inclusion of these defenses in a trademark statute will provide clarity on what unauthorized uses of trademarks are allowed by trademark laws. It may also encourage early settlement and early judicial resolution of trademark disputes, which will save trademark litigants time and money.

Proposal 9.5 includes additional defenses and also allows parties to file a counterclaim in court challenging the validity of the trademark registration on any of the grounds set forth in Proposal 3.1 or 3.2.

Proposal 9.6 provides that trademark rights are subject to the first sale doctrine and to exhaustion in certain circumstances to promote the free movement of branded products in free trade areas and countries within a common market. Thus, trademark owners cannot prevent the resale of used goods (such as used cars) or the display of the mark on or in relation to goods that were previously sold with the consent of the trademark owner in the authorized market. In addition, Proposal 9.6 allows nations to regulate the resale and parallel importation of goods that were not placed on the market with the consent of the trademark owner. The burden is on the reseller or importer to prove that the national trademark owner authorized the first sale of the goods or services.

10 Unfair Competition

Proposal:

INTA supports the adoption of specific national laws that protect against acts of unfair competition. At a minimum, the national laws should implement the following unfair competition provisions:

- 1. Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.*
- 2. The following in particular shall be prohibited:*
 - a. all acts of such a nature as to create confusion by any means whatsoever with the establishment, the goods, or the industrial or commercial activities, of a competitor;*
 - b. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;*
 - c. indications or allegations that, when used in the course of trade, are liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods;*

- d. *public comparison of one's own, or a third party's, activity, commercial benefits or establishment with those of a third party, when said comparison uses incorrect or false indications or assertions, or omits material facts to create a false or misleading conclusion.*

Rationale:

The current demands of a globalized world, with a clear tendency towards a market where free competition prevails, require governments to regulate the basic rules of the markets and the way companies compete with each other.

Considering the importance of unfair competition laws in the overall protection of trademark rights or other rights that are closely tied with trademarks or the business origin of goods or services as identified by a consumer in the market, it is imperative to continuously evaluate the minimum standards INTA would like to see countries adopt in the protection of such rights, whether it be directly through trademark infringement laws or through laws in related fields, such as unfair competition.

INTA Model Law Guidelines for Unfair Competition originally adopted Article 10*bis* of the Paris Convention as the Model Law for Unfair Competition based on the fact that Article 2 of TRIPS also incorporated Article 10*bis* of the Paris Convention by reference, and the fact that the language provided by Article 10*bis* of the Paris Convention uses sufficiently broad language to encompass acts of unfair competition covered by certain countries under common law.

In order to evaluate the effectiveness and adequacy of the MLG on Unfair Competition compared to worldwide legal developments, INTA conducted a survey in 23 countries around the world.⁴ The survey showed that most countries already have a National Unfair Competition Act (“NUCA”). This clearly indicates a trend that countries are adopting a NUCA as opposed to providing protection against acts of unfair competition via other legal instruments. . Adopting a NUCA appears to allow for a broader protection against different forms of unfair competition.

In relation to specific acts of unfair competition, the survey concluded that as a minimum standard, a NUCA should include acts of confusion, false allegations, misleading acts, and acts of false comparative advertising.

11 Anti-Cybersquatting

11.1 *Nations should protect trademark owners against cybersquatting, by which is meant the registration, trafficking in, or use of a domain name that is identical or confusingly*

⁴ For example: DIRECTIVE 2005/29/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market

similar to another's distinctive mark with the bad faith intent to profit from that trademark. Nations may prohibit and punish cybersquatting through laws regulating unfair competition, infringement, or dilution, or laws specifically focused on cybersquatting. Courts should have discretion to award damages, costs, and injunctive relief to the prevailing trademark owner, including but not limited to cancellation of the domain name or transfer of the domain name to the trademark owner. Bad faith intent to profit from another's trademark should not be found, however, if this registration, trafficking in, or use of the domain name incorporating this trademark was a legitimate use of the language in the domain name, meaning that this use of the mark was a fair use under trademark law or is otherwise protected by the right to freedom of expression.

- 11.2** *Nations should work with Internet Corporation for Assigned Names and Numbers (ICANN) and domain name registrars to ensure there is open access to accurate ownership information for every domain name in every top-level domain registry via a publicly accessible WHOIS database. The WHOIS database should include the full name of the true owner of the domain name registration and accurate contact information for that domain name registrant, including the registrant's mailing address, telephone number, and email address. This information is essential to help trademark owners prevent the unlawful registration, trafficking in, or use of domain names that incorporate their trademarks.*

Rationale:

Trademark owners can be significantly harmed when others register, traffic in, or use domain names that are identical or confusingly similar to their distinctive trademarks with a bad faith intent to gain a financial benefit from misdirecting consumer traffic on the Internet. Cybersquatting (also known as cyberpiracy) and infringing use of another's trademark in a domain name is a serious problem. This practice damages the growth of electronic commerce, results in consumer fraud and confusion as to the true source of products and services, deprives legitimate trademark owners of substantial revenues, and harms consumer goodwill. Well-known marks in particular have been the target of predatory and parasitical practices on the Internet involving domain names for a variety of reasons. For example, domain names incorporating the trademarks of others are registered and used:

- to extort from the trademark owner a payment for the domain name, often at a price just below the cost of litigation;
- to offer the domain name for sale to third parties;
- to commit identity theft by "phishing" for sensitive personal data;
- to use the domain name to direct traffic to pornographic websites or otherwise to capitalize on customer confusion; and
- to engage in financial crimes, consumer fraud, counterfeiting, infringement, and other violations of the law.

Some Countries, e.g. the United States, expressly prohibit cybersquatting in separate legislation and other nations regulate cybersquatting using unfair competition, infringement, or dilution laws. Other countries, however, have yet to adopt similar

legislation. Moreover, while trademark owners can obtain the cancellation or transfer of domain names incorporating their marks through domain name dispute resolution mechanisms, some may find these proceedings inadequate due to the limited remedies that are available. Nations should therefore allow courts to award damages, costs, and injunctive relief—including cancellation or transfer of the domain name—to trademark owners harmed by cybersquatting.

Certain facts suggest that a person registered, trafficked in, or used a domain name that is identical or confusingly similar to another's mark with a bad faith intent to profit from that mark, and should be liable for cybersquatting. (The word "person" used here includes individuals, companies, organizations, and other entities.) These factors include but are not limited to (a) the person's intent to divert consumers from the trademark owner's website by creating a likelihood of confusion or to otherwise engage in unlawful activities (such as fraud or libel); (b) the person's offer to transfer, sell, or otherwise assign the domain name to the trademark owner or any third party for financial gain; (c) the person's provision of material and misleading false contact information when applying for or renewing the domain name registration; (d) the person's registration, acquisition, trafficking, or use of multiple domain names which the person knows are identical or confusingly similar to the marks of others that are distinctive at the time of registration of such domain names; and (e) the extent to which the mark incorporated in the person's domain name is distinctive and/or famous.

Some other facts suggest that the person who registered, trafficked in, or used a domain name that is identical or confusingly similar to another's mark did not act with a bad faith intent to profit from that mark, and should not be liable for cybersquatting because this is a legitimate use of the language in the domain name. These factors include but are not limited to (a) the trademark or other intellectual property rights of the person, if any, in the domain name; (b) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person; (c) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; and (d) this person's use of the mark in the domain name or a website located at that domain name is a fair use under trademark law or is noncommercial or commercial expression otherwise protected by the right to freedom of expression. For examples of legitimate uses of trademarks, see the defenses to trademark liability set forth in Proposals 10.5, 9.4, 9.5, and 9.6. Courts should balance the free expression right of the person accused of cybersquatting against the right of the trademark owner to protect its reputation and the goodwill invested in its marks and the right of consumers to not be harmed by the fraudulent or deceptive use of domain names incorporating the trademarks of others.

12 Who May Sue

Proposal:

Apart from the registered proprietor or mark owner, there should be a presumption that exclusive licensees may sue infringers for infringements of the rights granted to the exclusive licensee, but subject to contrary agreement with the proprietor or owner.

Rationale:

An exclusive licensee has a substantial interest and investment to protect and therefore it should be able to enforce the rights granted to the licensee with respect to the relevant mark if the proprietor elects not to do so. Exclusive in this context means to the exclusion of the registered proprietor or the mark owner and all third parties.

13 Remedies

Proposal:

As a minimum set of standards, provisional and final remedies should be provided for by adopting Part III of the TRIPS agreement, as further explained by the World Customs Organization's "Model for National Legislation to Give Customs Additional Powers to Implement the Agreement on Trade-Related Aspects of Intellectual Property Rights" and by the World Intellectual Property Organization's "Model Provisions for National Laws on Measures against Counterfeiting and Piracy".

Part III of TRIPS includes without limitation:

- *civil and administrative sanctions in accordance with Articles 41 to 50;*
- *border measures in accordance with Articles 51 to 60; and*
- *criminal sanctions in accordance with Article 61.*

In the following respects, remedies and procedures should be provided for which go beyond the minimum standards of Part III of TRIPS:

- 13.1** *Decisions on the merits of a case should be in writing and should set forth the rationale for the decision.*
- 13.2** *Each party to a dispute should be required to produce all relevant and reasonably available evidence that is in its control (subject to confidentiality protections) which is needed to establish a prima facie case for the party's claims or defenses.*
- 13.3** *Victims of infringement should have the right to obtain information regarding the identities of possible infringers.*

- 13.4 *Innocent infringers and/or government authorities should not be permitted to dispose of or circulate infringing goods into the marketplace.*
- 13.5 *Search and seizure remedies should be available as provisional remedies.*

Rationale:

Proposal 13 tracks (1) the resolution on the Enforcement Provisions (Part III) of TRIPS adopted by the INTA Board on November 20, 1996, (2) the World Customs Organization's "Model for National Legislation to Give Customs Additional Powers to Implement the Agreement on Trade-Related Aspects of Intellectual Property Rights" adopted on April 16, 2002, and (3) the World Intellectual Property Organization's "Model Provisions for National Laws on Measures against Counterfeiting and Piracy" adopted on April 25 - 28, 1988.

14 Measures to Combat Trademark Counterfeiting

Proposal:

- 14.1 *The definition of "counterfeit trademark goods" which is presently contained in a footnote to Article 51 of the TRIPS Agreement provides that:*

"Counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;

This definition should be broadened to include such matters as preparation for manufacturing counterfeit goods including the preparation of counterfeit labels for such purpose, counterfeit service marks, the transportation and storage of counterfeit goods, and the organization and financing of counterfeit activity. This can best be accomplished by adding definitions for "Counterfeit Trademark", independent of "goods," or by making actionable the trafficking in labels or equipment used to manufacture Counterfeit Trademark Goods.

- 14.2 *There should be provisions for both imprisonment and fines to be imposed as criminal sanctions for knowing or willful trademark counterfeiting.*
- 14.3 *In order to increase the deterrent impact of fines, governments should develop calculation methods that lead to fines against counterfeiters commensurate to the harms caused by them.*
- 14.4 *To ensure the deterrent impact of fines imposed, sanctions such as penalties for contempt of court should be made available for failure to pay any such fines.*

- 14.5** *Provisions should be included for the seizure of all materials and implements used to manufacture or package counterfeit goods, including imprisonment as a sanction against failure to comply with an order to disclose the existence and location of such materials and implements.*
- 14.6** *There should be provisions giving courts the power to award significant statutory (or “pre-established”) damages against counterfeiters in recognition of situations where it is difficult for the trademark owners to prove their measurable monetary loss or damage.*
- 14.7** *An express provision should be included for making information about criminal counterfeiters available to the relevant authorities in other countries. Also the courts should not focus their enforcement efforts only on counterfeit goods which represent a health or safety risk, but give equal attention to fighting other types of counterfeiting which cause economic or social harm.*
- 14.8** *Provisions should be included granting trademark owners prompt and reasonable access to relevant documents and information gathered by governments on counterfeiters for the trademark owners’ use in conducting private investigations or the filing of complaints to the courts or other government agencies.*
- 14.9** *Provisions should be included which:*
- a) establish prohibitory regimes against exports of counterfeits;*
 - b) expressly do not require a bond to be imposed on trademark owners as a condition to processing counterfeiting cases by border authorities;*
 - c) reduce or eliminate the burden on trademark owners and/or Public Authorities (e.g. Customs) relating to the costs of storage and destruction of counterfeit goods; and*
 - d) ensure that all counterfeit goods are compulsorily destroyed, definitively removed from channels of commerce, or disposed of with the trademark owner’s consent where there is no health or safety risk.*
- 14.10** *In order to ensure that trademark owners have sufficient time to commence a proper action pursuant to a seizure/suspension of clearance by customs authorities so that instances of counterfeits being released by the customs authorities can be eliminated, provisions should be introduced to require a time period of at least 20 business days or 31 calendar days from the date of suspension or seizure, whichever is longer, for trademark owners to commence such action.*
- 14.11** *Provisions should be introduced to establish specialized intellectual property crimes investigation and prosecution units within law enforcement and prosecution structures, respectively.*

- 14.12** *Sufficient resources should be allocated towards training judges and customs officials, and to ensure the submission of litigated trademark cases to judges specializing in or having substantial experience in trademark matters.*
- 14.13** *Administrative enforcement should not be considered sufficient to satisfy the requirement in Article 61 of the TRIPS Agreement to provide access to criminal enforcement in counterfeiting cases on a commercial scale, nor should administrative proceedings be considered as a substitute for criminal enforcement of intellectual property rights.*
- 14.14** *Governmental authorities should take the necessary actions to apply the following measures to halt the transshipment and transit of counterfeit goods in free trade zones and free ports:*
- 14.14.1 *Prohibit the admission to, processing in, and export from the free trade zones of counterfeit goods, irrespective of country of origin of such goods, country from which such goods arrived, or country of destination of such goods.*
- 14.14.2 *Empower customs authorities to exercise jurisdiction before the entry and after the exit of goods into a free trade zone, and to inspect goods in a free trade zone or a free port to ensure that no offence as to trafficking in counterfeit goods is being committed.*
- 14.14.3 *Ensure close cooperation between national customs authorities and the special authorities of their free trade zones or free ports in order to provide the efficient enforcement of anti-counterfeiting criminal and civil laws to check the offences of trafficking in counterfeit goods.*
- 14.14.4 *Ensure the applicability and enforcement of anti-counterfeiting criminal and civil laws to check the activities of trafficking in counterfeit goods in free trade zones and free ports that currently allow free movement of goods of any nature without regard to origin, quality, purpose, and destination of goods; and without or minimal customs treatment of such goods in transit or transshipment.*

Rationale:

The implementation of the TRIPS Agreement requirements in national laws has proven to be insufficient to combat trademark counterfeiting and there is growing concern over the involvement in trademark counterfeiting by organized criminals connected with terrorism, drug trafficking and money laundering.

Accordingly, Proposal 14 is intended to implement the measures in the INTA Board Resolution adopted on March 7, 2005 on *Measures to Combat Trademark Counterfeiting* and the INTA Board Resolution adopted on November 8, 2006 on *Role of Free Trade Zones and Free Ports in the Transshipment and Transit of Counterfeit Goods*.

A free trade zone is a specified area within the territorial jurisdiction of a country where there is either a minimum or no customs control on entry or exit of goods. A free port is

characterized by its whole harbor plants (sheet of water, quays, wharves, warehouses, factories, etc.) that are considered by law outside the customs boundaries.

15 Licensing and Assignment

Proposal:

- 15.1** *Licensing, including sublicensing, should be permitted for some or all of the goods or services for which a trademark it is used or registered. The only limitation being that the proprietor must be able to maintain control over the quality of the products produced under the licensed trademark. A license may be exclusive or non-exclusive. Compulsory licensing of a trademark should not be permitted.*
- 15.2** *Assignment of trademarks should be permitted with or without the transfer of the business to which the trademark belongs and with or without the transfer of goodwill.*

Rationale:

To the greatest extent consistent with ensuring that a mark remains a distinctive sign of origin or quality, formal constraints on assigning rights in trademarks and how a mark is licensed should be avoided. This approach is consistent with modern trademark laws (see: TRIPS Article 21; Directive (EU) 2015/2436, Article 25). In the event that a mark becomes deceptive or loses its distinctiveness, a license can be revoked (see: Proposals 3.2 and 6).

16 Geographical Indications

Proposal:

- 16.1** *There should be protection for geographical indications, in keeping with Section 3 of Part II of TRIPS (Articles 22 to 24).*

Proposals 3.2.2, 3.2.3 and 3.2.6 above should be interpreted accordingly.

- 16.2** *In particular, the principle of “first in time, first in right” priority should be observed when resolving conflicts between geographical indications and trademarks.*

Rationale:

It is intended that these proposals should recognize the TRIPS requirements as a minimum standard in respect of what is a potentially controversial area of protection but which nevertheless needs to be addressed. Proposal 16.2 reflects the INTA resolution passed on September 24, 1997 on Protection of Geographical Indications and Trademarks.

APPENDICES

- A. TRIPS Agreement, Part II Sections 2 and 3, Part III**
For more information, please visit website:

https://www.wto.org/english/docs_e/legal_e/27-trips.pdf

- B. Canadian Section 45 Procedure**
For more information, please visit website:

https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr01843.html

- C. European Community Directive**
For more information, please visit website:

<https://wipolex.wipo.int/en/legislation/details/15947>

- D. WCO Model Provisions for National Legislation**
(May 19, 2004)

http://www.wcoipr.org/wcoipr/Menu_ModelLegislation.htm

- E. Paris Union and WIPO Joint Recommendation Concerning**
Provisions on the Protection of Well-Known Marks

<http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>