



## INTERNATIONAL PROTECTION OF WELL-KNOWN MARKS

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This article will comment on problems faced by owners of well-known trademarks from the perspective of an outside counsel involved in the international protection of such marks. Although considerable advances have been made in the protection afforded to well-known marks under treaties, such as the Paris Convention, multi-country laws, such as the Benelux and European Community trademark laws, and national laws, ownership of these marks is a high-maintenance business. It involves heavy burdens, some of which should, in a better-organised world, be borne by governmental agencies. This is not intended to be a lament for owners of well-known marks who are, as a group, doing rather well. But such companies are the primary targets for specific forms of illegal activities that society does not condemn, and to some extent, actually embraces.

International protection for marks, which are well known, but not registered in the country where protection is sought, was introduced into the Paris Convention at the Hague Conference of 1925 through Article 6 bis. The article obliges member countries to refuse or cancel a registration, and to prohibit the use, of a trademark confusable with a well-known mark of a party entitled to the benefits of the Convention. It is effective only with respect to identical or similar goods—a serious limitation.

Article 6 bis does not oblige member countries to protect well-known marks that have not been used in the jurisdiction, although it leaves them free to do so. In the 1958 Lisbon Conference, a proposal providing that use of well-known marks in the country where protection is sought is unnecessary to obtain such protection was rejected.

It was a sensible proposal—if a mark is well-known, it does not seem important whether it achieved notoriety through use or otherwise, and the national laws of a majority of countries have come around to this.

Just as development of 6 bis protection may have been slowed by valid concerns about notions of territoriality, the development of special protection for well-known marks against non-competing goods may have been slowed by valid concerns about notions of speciality. Progress has understandably been uneven. If I am Yves St Laurent and you are not, that is an easy case, even where rather different goods are concerned, but not all well-

known trademarks are created equal. Less obvious cases in this area seek to transcend traditional trademark concepts and require special justification in the form of overwhelming evidence of reputation and/or a strong showing of bad faith.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is an important advance, as it provides a legal basis for the protection of well-known marks on non-competing goods. Art 16(3) of TRIPS provides that Article 6 bis of the Paris Convention will apply to goods and services that are not similar to those for which a well-known trademark is registered, provided that there is a connection between the respective goods and the interests of the well-known mark's owner are likely to be damaged.

Similar provisions have been adopted in the North American Free Trade Agreement (Art 1708(6) of NAFTA), in the Mercosur Protocol (Art 9(5) and (6)), and in the recently enacted Central American Free Trade Agreement (Art 15.2).

In the United States, decisions protecting well-known marks against non-competing goods are numerous. They

of our federal law of trademarks until 1995, when the Lanham Act was amended to add Section 43(c) to protect famous marks.

Canadian trademark law offers broad protection for well-known marks. It is not necessary to show use in Canada, to carry on business in Canada, or prove the well-known status of the mark in Canada; it is necessary to prove that the mark has achieved at least a limited reputation among the relevant public. It is irrelevant how the reputation is created (through use in Canada or abroad) as long as the reputation exists in Canada. The decision by Judge Morden of the Ontario Court of Appeals in the Orkin case could serve as a model for future decisions on this issue.

The laws of European Union countries have been amended in conformity with the EU Harmonisation Directive to provide for special protection with respect to non-competing goods (Articles 4(3), 4(4)(a), 5(2)). The CTM regulation contains very similar provisions in Art 8(5).

Title XIII of Decision 486 of the Andean Community, provides special protection for well-known marks, including protection against non-competing goods.

The trend toward increased protection for well-known marks may also be seen in Russia and China. In Russia, protection for renowned marks involves a special proceeding in the Supreme Patent Chamber of the Russian Trademark Office seeking a declaration of well-known status. Such proceedings can be expensive: they must establish that the mark has become well-known among relevant groups of the public with respect to particular goods in the Russian territory. The standard is very high and the Trademark Office is most often persuaded through consumer survey evidence.

In China, new regulations concerning the protection of well-known marks went into effect on 1 June 2003, replacing the 1996 regulations on this issue. Under the new Regulations, a declaration of well-known status provides extended protection to trademark owners where third parties seek to use or register identical or similar trademarks for dissimilar goods, and also where the well-known mark has not yet been registered in China. Further, a declaration of well-known status provides enhanced remedies against a third-party registering a well-known trademark as part of a company name. Under the 2003 Regulations, well-known trademarks are defined as marks "that are widely known

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include the Rolls-Royce case (motor cars v radiotubes) in 1926, and the Yale (locks v flashlights), Tiffany (jewellery v ceramic tiles, restaurants and motion pictures) and Philco (radios v razor blades) cases. While the concept of dilution found its way into state law early on, it did not become part

to the relevant public in China and that enjoy a relatively high reputation". While the owner of the well-known mark in China needs to obtain recognition of well-known status for each new dispute that arises, a prior decision granting well-known status to a mark can be used as a presumption of well-known status, although this is rebuttable in subsequent disputes unless, such well-known status is challenged.

In June 2005, Mexico approved legislation that provides for a new procedure to obtain a declaration of well-known status for qualified marks registered in Mexico.

Despite these positive developments and a general consensus that well-known marks deserve special protection, heavy burdens trouble the owners of such marks. Marks that are especially charismatic face a plague of unauthorised uses and the heavy, continuous expense of pursuing such uses through private policing as well as civil and criminal litigation. What we see are repeated attempts to borrow established reputations, so that owners of well-known marks are forced to pay their dues over and over again to recapture their marks and to maintain their exclusivity. Even the most famous marks are not used everywhere and are unlikely as a practical matter to be registered and maintained in all jurisdictions and for all the categories in which infringements may arise. It is strange—but true—that many owners of well-known marks are living beyond their means in defence of their trademarks internationally, in the sense that they must spend heavily on disputes in countries where they might not earn money. Despite such expenditures, they may remain vulnerable on many fronts. What one sees, as a lawyer acting internationally for owners of famous marks, is not a universe in which one may readily secure and enforce rights at reasonable expense. Neither is it simple or inexpensive to maintain such rights once obtained. Moreover, registration does not mean that relief from infringers is swiftly and inexpensively available. In general, civil litigation is slow and costly, and insufficient help is available from relevant administrative authorities (trademark offices, customs, the police, etc). Nothing is likely to eliminate expensive, protracted litigation in difficult cases where seriously competing social values exist, but surely some measures can be envisioned that might expedite relief, at least in the most obvious cases.

In the trademark field, prompt, effective relief is needed in the court of first instance. Victories won in appellate courts after years of litigation are very bitter victories indeed. Moreover, some of the

world's most prestigious trademarks do not belong to huge companies that are carrying on business throughout the entire world. For many years Tiffany (which had only one store in New York), and Rolls-Royce Motors (which made a relative handful of cars each year), owned marks of true international star quality and great commercial magnetism, but the companies did not have the kind of far-flung business operations that could readily support the full burdens of protecting their illustrious names in all of the many jurisdictions that constitute the world of trademarks. Some years ago, the managing director of Rolls-Royce Motors, while saying how pleased he was about winning several important trademark cases in the United States, went on to say that he understood the necessity

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of vigorously defending the mark, but he worried that his company might become known as a litigation company that also makes motor cars.

An owner of a well-known mark can receive advice in many countries that his mark should be registered for all classes of goods and services. With approximately 200 jurisdictions and over 40 classes on average, that works out to over 8,000 classes to be covered. To maintain multi-class registrations in countries that have user requirements, it may be necessary to organise a sales programme of ancillary goods to keep the extended

registration coverage in force. This can mean setting up uneconomic limited sales operations where full-scale operations are not yet in place, something marketing people detest. It may involve the creation by the trademark owner of unwanted ancillary businesses under which contract manufacturers produce to order a variety of goods bearing the owner's trademark, or may involve extensive licensing on the sale of promotional items. Sometimes these exercises are not viable and they are not guaranteed to work everywhere. It has been suggested that truly famous marks should not be subject to user requirements, but that concept has not yet been enacted anywhere.

It is fair to ask whether the burden of anti-counterfeiting activities should really rest primarily on the trademark owner. All societies condemn theft and the sale of falsely labelled goods as a matter of morality as well as law—except, it would seem, where the victim is a luxury goods company. It might be otherwise if counterfeit pharmaceuticals or airplane parts resulted in a substantial number of deaths. But for now, there is no widespread social condemnation; many people are amused by counterfeit goods, purchase them guiltlessly and are unconcerned about where they came from.

It may be that societies are just poorly organised or indifferent when it comes to stolen reputations, or maybe the authorities that should be the primary pursuers of counterfeiters are preoccupied with matters of greater general importance than fake watches or handbags. But in a properly functioning world, should not Trademark Offices reject *ex officio*, without the need for opposition proceedings, all clearly piratical applications? Should not customs officials seize all clearly piratical goods? Should not the police or other appropriate government authorities seize clearly counterfeit or falsely labelled goods, and follow them to their source? Because the cost of private enforcement is now off the charts, the reality is that in many areas the rights supposedly enjoyed by well-known marks are highly theoretical, and as outside counsel know, there is a very low level of client demand for theoretical protection.

It is encouraging that there is increasing concern about these issues and a substantial focus upon them. The current level of counterfeiting and revolutionary changes in trade and communications demand creative responses from trademark owners and their lawyers to bring about changes not only in the legal system, but especially in the attitudes of the public and the governmental authorities needed to deal with these issues more effectively.