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The International Framework for the
Protection of Intellectual Property
Rights and the Protection of Well-
Known Marks

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Summary

Trademarks, and especially the well-known marks, have become more and more important in our commercialized lives, due to the basic changes taking place in the intensely competitive international markets in consumer goods. When compared to the market that existed a few decades ago, today's consumer demands variety, quality, and constant novelty. To meet these demands, businesses tailor their products to smaller and increasingly heterogeneous, niche markets.

Having said that, there is an incentive to search for the least expensive location to manufacture the product, and this will enable the business to compete in global markets. In this fluid environment, it is a presumption that the trademark originator's intent is to expand beyond its original market in order to get a world-wide label.

The special trademarks, the well-known marks, have developed into symbols synonymous with the global trading system, the trading relations between nations and the international ethical principles of good faith and trust. In today's integrated marketplace, well-known marks generate commercial magnetism with power, which can be perceived far beyond their original intended scope. According to some commentators, these marks deserve a special treatment beyond the traditional concepts of trademark and unfair competition law. Consequently, the importance of having an effective legislative system that protects holders of well-known trademarks is great. A large amount of money is invested in a well-known mark, mainly on promotion, and should therefore be provided protection against infringing practices.

Furthermore, the assignment of Internet domain names has led to conflicts between trademarks and domain names. The traditional doctrine of trademark law is one of territoriality, which means that a trademark has a separate existence in each sovereign territory in which it is registered or legally recognized as a mark. Most companies are rational, guided by a cost-benefit analysis, and cannot therefore justify the large trademark registration and maintenance expenses. Thus, a well-known mark may not be registered and protected in every nation around the world for every product or service, which of course opens the door for trademark pirates to rush in to register others' marks. This is particularly true of the phenomenon of "domain name warehousing" or "cybersquatting," that is, the registration of marks as domain names by unauthorized parties for the purpose of selling them to the owners of the respective well-known marks.

Abbreviations

ACE/IP	Advisory Committee on Enforcement of Industrial Property Rights
BIRPI	Bureaux Internationaux Réunis pour la Propriété Intellectuelle
ccTLD	Country Code Top Level Domain
DNSO	Domain Name Supporting Organization
DSB	Dispute Settlement Body
GATT	General Agreement on Tariffs and Trade
gTLD	Generic Top Level Domain
ICANN	Internet Corporation for Assigned Names and Numbers
IETF	Internet Engineering Task Force
IAB	Internet Architecture Board
IMF	International Monetary Fund
ITC	International Trade Center
SCP	Standing Committee on the Law of Patents
SCT	Standing Committee on the Law of Trademarks
TLT	Trademark Law Treaty
TRIPS	Trade Related Aspects on Intellectual Property Rights
UDRP	Uniform Dispute Resolution Process
URL	Uniform Resource Locator
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Program
WCO	World Customs Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1. Introduction

Imagine that an average consumer needs to have his/her big house cleaned-up. None of the cleaning companies in his/her area enjoy a particular reputation. The company that was used last time was called Lemonade Cleaning, Inc. The customer was satisfied and would like to use the same company again, but does not quite remember the name. Looking through the phone book he/she comes across Lemon Cleaning, Inc. Is it not likely that he/she would think: "This must be the cleaning company I used last time, the name sounds familiar and I think it had something to do with Lemon." When two marks are similar and neither is well-known to consumers, confusion is likely.

If, on the other hand, an average consumer wants to buy a Ralf Loren shirt; would he/she think that the shirt is a Ralph Lauren shirt? What about buying a Guchi watch? Would the client think he/she was buying a Gucci watch? Is it possible to confuse the origin of the shampoo Hair & Shoulders with the famous Head & Shoulders? Would he/she be likely to think that those using the marks Ralf Loren, Guchi or Hair & Shoulders have any economic link with the companies owning the Ralph Lauren, Gucci or Head & Shoulders trade marks? This could in fact be the case. Who would know, when the mark Emporio Armani was new, that it was economically linked to the well-known mark Giorgio Armani?¹

This is one aspect of how well-known marks may be used by potential competitors in order to manipulate and assumingly confuse consumers to buy identical or similar products to the well-known mark and by doing that, free-ride on the latter mark. The importance of the protection against infringing practices provided the well-known trademark holders is great. They are investing a large amount of money on promotion and should therefore be accredited for that. But the question is: Is it adequate to protect well-known marks to the extent that a holder of such a mark can lean back and relax, never being worried that someone could intrude on his/her mark?

For our modern society, the IT-Revolution corresponds to the Industrial Revolution at the beginning of the 19th century. It constitutes a new and challenging phase. It coincides with and contributes to the ongoing globalization of trade and communications, as expressed through regional and global Trade Agreements, such as the European Union and other similar initiatives. Tariff barriers are falling all over the globe and capital transfers are becoming easier all the time. With every change, new problems are bound to arise which have also to be tackled. These developments and related problems clearly also extend to the intellectual property rights sphere.

¹ "Should we use Guns and Missiles to Protect Famous Trademarks in Europe?" By Pier Luigi Roncaglia, *The Trademark Reporter*, 1998 Vol 88 No 6 pp. 551-563.

Most obvious are the impact of electronic commerce and the growth of the Internet as a selling medium, a forum that transcends national boundaries and diminishes the importance of being located on “Main Street.” The reputation of a product or service travels rapidly in today’s commercial marketplace, and can reach foreign markets long before the trademark owner has actually begun marketing its products and conducting business.

The consumer of today wants constant novelty, and above all, quality of the products they intend to buy. Due to the great competition among brand owners to get a world-wide label, the supply of goods and services have increased significantly, if compared to the market that existed a few decades ago.

1.1 Purpose

In this thesis, I will deal with trademark law and in particular, with a special kind of trademarks: The well-known marks. In the market, well-known marks generate commercial magnetism with power, which can be perceived far beyond their original intended scope. Therefore, it is sometimes held, these marks deserve a special treatment, requiring an expansion of existing legal principles and evolution of new ones beyond the traditional concepts of trademark and unfair competition law.² On the other hand, one has to keep in mind that it may not be on every occasion, *in absurdum*, that a well-known mark holder shall enjoy special treatment. The purpose of the thesis is to look at what a well-known mark actually is. What factors should be considered in the determination? Is the current protection of well-known marks adequate or should it be extended?

1.2 Limitations

At the outset, this thesis provides a historical overview of the evolution of trademarks. It is followed by a brief description of the multilateral and international organizations that are major actors within the intellectual property rights field, in particular the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO). In addition, an analysis of the legislative history of well-known marks within WIPO will be provided. The relationship between WIPO and the WTO will be analyzed, along with additional elaboration in the chapter concerning the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

² Annette Kur, “Well-Known Marks, Highly Renowned Marks and Marks Having a (High) Reputation-What’s It All About?” IIC Vol. 23, No. 2/1992, pp. 220-221.

A large part of the thesis will deal with the international recognition and protection of well-known marks. International treaties, agreements and other legal sources that deal with, first, the concept, criteria and parameters of well-known marks, and second, the enforcement rules will be examined. The enforcement rules will be considered separately under each chapter.

The last chapter of the thesis will deal with the question of the conflicts between domain names and well-known marks, in particular cybersquatting.³ The background, chapter 4 in the Final Report of the WIPO Domain Name Process and, briefly, the Uniform Domain Name Dispute Resolution Process (UDRP) of ICANN together with some case law of abusive domain name registration will be discussed. Finally, the chapter will discuss the new Generic Top-Level Domain Names (gTLDs) and the announcement of 60 new domain languages to be included as well.

The international and European registration system for trademarks will not be discussed. Neither will The Final Report of the Second WIPO Internet Domain Name Process (Second WIPO Process) and the Final Report of the WIPO Country Code Best Practices for the Prevention and Resolution of Intellectual Property Disputes (the ccTLD Program). The Uniform Dispute Resolution Process will not be fully analyzed, either.

It should be noted that many different terms are being used in the same context: well-known marks, notorious marks, exceptionally well-known marks, highly reputed marks, highly renowned marks, marks with a (high) reputation, marques de haut renommé, and famous marks.⁴ There is clearly a close relationship between all these terms, and they are often used instead of each other to mean the same thing, but a famous mark is probably no more than a superior type of well-known mark, and while all famous marks are well-known, not all well-known marks are famous. As St. Augustine said: “If no one asks me, I know what it is. But if I wish to explain it to him that asks me, I do not know.”⁵ The European Community Trademark Law uses the term “a mark with a reputation,” Internationally, it is named a “well-known mark” and in the U.S., the term “famous mark” is used.

1.3 Method and Material

In the presentation of the international framework as well as the international, regional and national instruments for the protection of well-known marks, together with some case-law, a descriptive, comparative, and analytic method are applied.

³ Bad faith, abusive registration of domain names that violate trademark rights.

⁴ “*WIPO Resolution on Well-Known Marks: A Small Step or a Giant Leap?*”, by David H. Tatham, *Intellectual Property Quarterly*, No. 2, 2000, p. 128.

⁵ *Id.*, p. 129.

An evolutive method is applied as well, when describing the developments of the mark from being used as branding of cattle, signs of ownership, to enforce control of the industry, to the commercial role it plays in the modern society.

The material used for the purpose of my research are books, articles (including articles on the Internet), conventions, treaties, agreements, recommendations and case-law.

2 A Brief Historical Overview - Trademarks

2.1 Introduction

The scientific revolution of the 17th century was first and foremost an intellectual revolution and its greatest impact was on how people thought and what they believed. It was also the most important factor in the creation of the new world-view of the 18th century Enlightenment. The most important and original idea of the Enlightenment was that the methods of natural science could and should be used to examine and understand all aspects of life.⁶ Nothing was to be accepted on faith. This approach often brought the Enlightenment into conflicts with established churches. Another important Enlightenment concept was that the scientific method was capable of discovering the laws of both human society and those of nature, which made Enlightenment thinkers believe it was at least possible for human beings to create better societies and better people. The Enlightenment was profoundly secular.

The Enlightenment during the 1700s emphasized the concept of equality within a legal framework which aimed at placing all citizens on the same footing. Economic benefits linked to hereditary nobility were reduced. The benefits were to be achieved through hard work, merit and competence. Around the 1780s, a new, rapid and radical transformation was taking place in economic and social life. The Industrial Revolution, which began in England, started to influence continental Europe and the rest of the world after 1815.⁷ One of the main ideologies at the beginning of the 1800s was Liberalism. It went hand in hand with a free-market economy, favoring entrepreneurs and capitalists where the price of merchandise was determined by supply and demand.

During the first half of the 19th century, the mercantilistic tariff protectionism gave way to non- or at least reduced tariffs.⁸ This development led to an increase in commerce in combination with the invention of new means of communications, such as steamboats, railways, automobiles and airplanes. There was a revolution in distribution of goods. This explosion of increased activity and productivity brought about better standards of living.

⁶ This was what intellectuals meant by *reason*, a favorite word of Enlightenment thinkers.

⁷ "A History of World Societies," McKay, J.P, Hill, B.D, Buckler, J., fourth edition, 1996, p. 771.

⁸ This idea has today been more fully realized in the European Union.

The function of society was changed - from the task of upholding peace and order, to the fair distribution of growing assets. In the new technological civilization of the 19th century, the economic- and political ruling class - the bourgeoisie, replaced the old class-society and the landed gentry.

2.2 Cause and Background of the Trademark Law⁹

The concept of a mark as a label of recognition is an ancient phenomenon. The first type of marking began with the branding of cattle and other animals. As reading and writing were not yet invented, marks existed for many centuries only in the form of design.¹⁰ In South Western Europe, cave paintings dating from the late Stone Age show cattle with branding on their flanks. The English word “brand,” the marking placed on cattle by farmers with hot irons is even today used synonymously with “trademark.”¹¹

Ancient lamps and other articles made of clay were given distinctive markings to indicate the source of the goods. Around 1300-1200 BC substantial trade between India and Asia Minor developed. The Hindus regularly used marks to identify their goods.¹² Likewise, from the Greek and Roman societies to the Orient, merchants and manufacturers have marked their products with various signs to distinguish them from those of their competitors. Occasionally the name of the place of origin was put on the goods for this purpose. In other words, trademarks have for centuries played the role of creating a relationship between the goods and their maker; to identify and signify the maker of the product. In 1266, England enacted the first compulsory marking law for bakers: “[A] Baker must set his owne proper marke upon every loafe of bread that hee maketh and selleth, to the end that if any bread be faultie in weight, it may bee then knowne in whom the fault is.”¹³ Such markings were also used as signs of ownership.

2.3 The Rise of the Guilds

⁹ SOU 1958:10 pp.29-43.

¹⁰ For example, wall paintings from ancient Egypt showed cattle being branded by field workers.

¹¹ WIPO, “*Introduction to Intellectual Property Theory and Practice*,” Kluwer Law International 1999, p. 20.

¹² “*Making History - Trademarks in 2017*,” *The Trademark Reporter*, Vol 82 No 5A, p. 1022.

¹³ *Id.*, p. 1023.

The use of trademarks saw an increase again towards the end of the Middle Ages because of the growing guild system and the lively trade of that period. Guilds were tightly controlled by groups of artisans. Significant for the guild system was the economic and social associations of persons engaged in the same business or craft, typical of Western Europe. Membership was never by class, but by profession or trade. The primary function of guilds was to establish local control over a profession or craft by setting standards of workmanship and price, but also by protecting the business from competition, and by gaining status in society for guild members. Merchant guilds in some cases developed into intercity leagues for the promotion of trade, such as the medieval Hanseatic League. By the 17th century the power of the guilds had withered in England. They were abolished in France in 1791 and elsewhere in Western Europe during the 19th century (see next chapter).¹⁴

Typically, the members of a guild were required to use a compulsory production mark, the principal purpose of which was to fix the responsibility for poor quality merchandise. Guild marks were also used to enforce control of the industry, especially territorial trade barriers. Various marks were used: the guild mark, the master craftsman's mark chosen once and for all when a master's status was conferred, a local mark, or a journeyman's mark. The marks could have the shape of seals attached to pieces of material, or hallmarks on articles of precious metal.¹⁵ These marks, aimed at making the craftsmen feel responsible, did not seem to have played any significant part in winning customers or in having a valuable right, like the role of the modern trademark.

Most early statutory provisions relating to the marking of goods were supportive of particular guilds. In the year of 1300, England enacted a statute, which granted a monopoly to the Goldsmiths' Company, requiring the use of multiple marks. These included the affixing of a mark by the individual smith, the assay mark or certification of the quality of the gold, and the guild mark which was a crowned leopard's head or a lion (the symbol of England).¹⁶ The oldest written trademark regulation is found from around 1355 in a treatise of distinguishing signs and weapons by Bartolus de Saxoferris, a professor and a famous medieval attorney in Pisa and Perugia. The treatise wanted that others be prohibited from using signs, for their own products, that a craftsman had put upon his objects. The intention of such a prohibition was, according to Bartolus, to protect not only the craftsman but also the *public*, which was a new aim.¹⁷

One example of the severity of penalties when a mark belonging to someone else was used was the Edict of Charles V from 1544, which dictated exclusion from trade and the cutting off of the right hand. Another example is the 1564 Royal Edict of France, which imposed the death sentence for counterfeit marks on gold

¹⁴ <http://www.historychannel.com/>

¹⁵ WIPO, *Id.*, p. 21.

¹⁶ A J Bryn, "Varemerket," Oslo 1927, p. 11.

¹⁷ "Making History - Trademarks in 2017," The Trademark Reporter, Vol 82 No 5A, p. 1024.

or silver cloth.¹⁸ However, most goods were consumed at the production-place and no marks were used, which explains the reason why the use of marks long related only to certain types of goods that were mostly sold far from the place of production.

2.4 Abolishing of the Guild System - A Need for Trademarks

As the guild system was declining and disappearing, while at the same time the privileges were disappearing, non-regulated professions begun to increase as well as international trade. The guild marks were finally replaced by more modern types of trademarks in the 18th century. Starting with the industrial revolution, mass-production and the growing trade in goods, as well as the establishment of a more complicated distribution system of goods from the producer to the buyer brought a need for a universally applicable identification of the goods. The goods had to be called something, not only to distinguish them from one another, but also to facilitate trade.

The 19th century is sometimes called the judicial revolution. In England, it was the courts that developed a remedy against counterfeiters at the beginning of that century.¹⁹ On the European continent, only the legislator could adopt trademark protection. France was one of the first countries to enact a comprehensive trademark law in 1857.²⁰ This was the first national statutory recognition of a right in trademarks. The first federal trademark statute in the U.S. was enacted in 1870. In Germany, the first legislative protection providing for registered trademarks was a Prussian ordinance of 1874, modeled after that of Britain of 1862. The first “Reichsgesetz” of 1874 (three years after the formation of the German Reich) allowed only pictorial marks to be registered and the first comprehensive enactment was that of 1896.²¹ By the end of 1800, trademark acts were adopted all over Europe as well as in Canada and the U.S.

To sum up, the modern concept and functions of trademarks appeared first in the 18th century because of the increased possibilities for communication and the adoption of laws, which guaranteed freedom of commerce and industry with dramatic growth in trade within and between states, the increased circulation of goods made it necessary to place marks on the products responding to the interests of producers, traders and consumers.²²

¹⁸ Id., p. 1025.

¹⁹ WIPO, *id.*, p. 22.

²⁰ The law of 1857 remained in force for more than 100 years.

²¹ “*Making History - Trademarks in 2017*,” the Trademark Reporter, Vol 82 No 5A, p. 1026.

²² WIPO, “*Intellectual Property Reading Material*,” 2nd edition, 1998, p. 60.

3 Organizations and International Cooperation

3.1 Introduction

The international intergovernmental system for the protection of intellectual property is governed by institutions that operate under a variety of mandates.²³ The main organization at the international or multilateral level is the World Intellectual Property Organization (WIPO). The World Trade Organization (WTO) deals with the rules of carrying out trade between nations, where intellectual property is one of many means to achieve the goal of a smooth global trading system. Annex 1C to the Agreement Establishing the World Trade Organization contains an important document regarding the enforcement of intellectual property rights: The Trade Related Aspects on Intellectual Property Rights (TRIPS) Agreement. A mandatory dispute resolution system is included in the TRIPS Agreement.

WIPO deals with intellectual property rights in a specialized and comprehensive manner. The substantive issues are dealt with by WIPO, but there are many international institutions whose activities are directly or indirectly affected by intellectual property rights rules. However, that will not be further discussed in this thesis.

3.2 The World Intellectual Property Organization (WIPO)

3.2.1 Introduction

WIPO is one of 16 specialized agencies of the UN system of organizations.²⁴ Most of the specialized agencies were created after World War II for the

²⁴ A specialized agency retains its independence, although it belongs to the family of United Nations organizations. All Member States of the UN are entitled to become members of the specialized agencies. They decide themselves whether to apply for membership in any particular specialized agency.

purpose of dealing with a particular field of activity at the international level, and some were in existence long before the UN was established.²⁵ Linked to the United Nations through special agreements, the separate, autonomous specialized agencies of the UN family set standards and guidelines, help formulate policies, provide technical assistance, and other forms of practical help in virtually all areas of economic and social endeavor. Each specialized agency is the master of its own destiny, responsible, under its own constitution or “basic instrument,” to its own governing bodies which consist of the Member States of the organization.²⁶ Furthermore, like the other agencies, WIPO has its own elected executive head, budget, staff members and programs and activities.²⁷

The central objectives of WIPO are to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organization as well as to ensure administrative cooperation among the Paris and Berne Unions.²⁸²⁹ The historical objective was not to act as an enforcement body for international intellectual property rights.³⁰ In order to attain the objectives described in Art. 3, WIPO, through its appropriate organs, and subject to the competence of each of the Unions:

- “Shall promote the development of measures designed to facilitate the efficient protection of intellectual property throughout the world and to harmonize national legislation in this field;
- Shall perform the administrative tasks of the Paris Union, the Special Unions established in relation with that Union, and the Berne Union;
- May agree to assume, or participate in, the administration of any other international agreement designed to promote the protection of intellectual property;
- Shall encourage the conclusion of international agreements designed to promote the protection of intellectual property;

²⁵ International Labour Organization (ILO), Universal Postal Union (UPU) and International Telecommunication Union (ITU). They had become the responsible intergovernmental organizations and it was after the UN was established they became specialized agencies of the UN system.

²⁶ 177 States were members of the Organization as of March 14, 2001.

²⁷ WIPO, “*Intellectual Property Reading Material*,” 2nd edition, 1998, pp. 4-5.

²⁸ That is, a party to the Paris- and/or Berne Conventions. Art. 2(v) of the The Convention Establishing the World Intellectual Property Organization: “‘Paris Union’ shall mean the International Union established by the Paris Convention.”

²⁹ Art. 3, Convention establishing the World Intellectual Property Organization. Signed at Stockholm on July 14, 1967 and as amended on September 28, 1979 (The WIPO Convention).

³⁰ “*The International Intellectual Property System, Commentary and Materials*,” part one, F. Abbott, T. Cottier & Francis Gurry, Kluwer Law International 1999, p. 369.

- Shall offer its cooperation to States requesting legal-technical assistance in the field of intellectual property;
- Shall assemble and disseminate information concerning the protection of intellectual property, carry out and promote studies in this field, and publish the results of such studies;
- Shall maintain services facilitating the international protection of intellectual property and, where appropriate, provide for registration in this field and the publication of the data concerning the registrations; and
- Shall take all other appropriate action.”³¹

The service provided by WIPO to the private sector includes the administration of systems that make it possible to obtain protection for patents, trademarks, industrial designs and geographical indications in different countries through a single international procedure, as well as the administration of procedures for the settlement of intellectual property disputes through the WIPO Arbitration and Mediation Center.³²

3.2.2 History³³

Although WIPO is a relatively young organization, its roots get back to the adoption of the Paris Convention for the Protection of Industrial Property in 1883. There was a perceived need to protect inventions shown at an international exhibition in Vienna, Austria in 1873. Inventors feared that their inventions would be stolen and exploited commercially in other countries. The Paris Convention was the first major international treaty to assist inventors in securing protection in other countries for their intellectual creations and came into force in 1884, with 14 Member States.

In 1886 copyright issues were tackled by the Berne Convention for the Protection of Literary and Artistic Works. This convention was intended to help nationals of its Member States obtain international protection of their right to control, and receive payment for, the use of their creative works: novels, short stories, poems, plays, songs, operas, musicals, sonatas, drawings, paintings, sculptures and architectural works.

Under the supervision of the Swiss Federal Government, two secretariats were established in order to administer these conventions, one for industrial property

³¹ Article 4 of the Convention establishing the World Intellectual Property Organization Signed at Stockholm on July 14, 1967.

³² See chapter 4 as far as trademarks are concerned.

³³ Guiding tour at WIPO, July 2000.

and the other for copyrights. In 1893, there was a merger of the administrative offices of these two conventions and the Bureaux Internationaux Réunis pour la Propriété Intellectuelle (BIRPI) was created. BIRPI was the responsible intergovernmental organization in the field of intellectual property, originally located in Bern, Switzerland, but moved in 1960 to Geneva in order to be closer to the UN and other organizations.

The WIPO was established by a convention,³⁴ which was concluded at Stockholm in 1967 and entered into force in 1970. WIPO became a specialized agency of the UN system of organizations in 1974, with a mandate to administer intellectual property matters recognized by the Member States of the UN. WIPO's responsibilities are contained in an agreement between WIPO and the UN.

3.2.3 Constitutional Structure and Administration³⁵

WIPO's constitution and "basic instrument" is the Convention signed at Stockholm in 1967, which functions as an umbrella convention establishing the organization, its organs and secretariat. WIPO consists of four different organs: the General Assembly, the Conference, the Coordination Committee, and the Secretariat or International Bureau of WIPO. The General Assembly is the supreme organ and it appoints the Director General³⁶ on the basis of nomination by the Coordination Committee. The General Assembly consists of all the 177 WIPO Member States and the States that are also members of any of the Berne or Paris Unions.

WIPO is financed up to 90 percent by fees generated by the Organization for the services it renders to the private sector, and for the remaining 10 percent by contributions from the Member States. The budget for 2000-2001 is 410 million Swiss francs. The staff members count to 760 persons from 83 different countries around the world.³⁷

An important point to mention is that the WIPO Constitution is an administrative treaty, imposing no substantive obligations in the intellectual property rights field. Instead, the obligations are established in several WIPO-treaties.

³⁴ The Convention Establishing the World Intellectual Property Organization.

³⁵ For a more detailed description, see WIPO, "*Intellectual Property Reading Material*," 2nd edition, 1998, pp. 5-7.

³⁶ The current Director General of WIPO is Dr. Kamil Idris.

³⁷ http://www.wipo.int/about-wipo/en/index.html?wipo_content_frame=/about-wipo/en/dgo/index.html.

WIPO Administered Treaties³⁸

The development of industrial property law has traditionally been based on international treaties between sovereign states. These treaties now form the foundation of the international system for the protection of industrial property. Today, 21 separate international treaties offer intellectual property protection: Fifteen concerning industrial property and six concerning copyright. The first group of treaties establishes international protection.³⁹ The Paris Convention for the Protection of Industrial Property of 1883,⁴⁰ the Madrid Agreement for the Repression of False and Deceptive Indications of Source on Goods of 1891, the Nairobi Treaty on the Protection of the Olympic Symbol of 1981,⁴¹ the Washington Treaty on Intellectual Property in Respect of Integrated Circuits of 1989,⁴² the Trademark Law Treaty (TLT) of 1994, and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration. These treaties are a few examples that fall into this group of treaties on industrial property.

The second group consists of treaties which facilitate international protection. Six treaties are on industrial property. In the field of trademarks, there are the Madrid Agreement of 1891 and the Madrid Protocol Concerning the International Registration of Marks of 1989.⁴³ In the field of industrial designs: The Hague Agreement for the international deposit of industrial designs of 1925. In the field of patents: The Patent Cooperation Treaty (PCT) of 1970 and the Budapest Treaty on the International Recognition of the Deposit of Micro organisms for the Purposes of Patent Procedure of 1977.⁴⁴ Industrial designs: The Hague Agreement concerning the International Deposit of Industrial Designs of 1925.⁴⁵

³⁸ See the texts of the WIPO administered treaties at <http://www.wipo.int/treaties/index.html>.

³⁹ That is, they are treaties which are the source of legal protection agreed between countries at the international level.

⁴⁰ The Convention applies to industrial property in the widest sense, including inventions, marks, industrial designs, utility models (a kind of “small patent” provided for by the laws of some countries), trade names (designations under which an industrial or commercial activity is carried on), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.

⁴¹ 37 States are party to the treaty. All States which are party to the Treaty are under the obligation to protect the Olympic symbol – five interlaced rings - against use for commercial purposes (in advertisements, on goods, as a mark, etc.) without the authorization of the International Olympic Committee.

⁴² On January 1, 1997, it was not yet in force. It will enter into force after five States or intergovernmental organizations have deposited, with the Director General of WIPO, their instruments of ratification, acceptance, approval or accession.

⁴³ The Madrid Agreement has been revised several times: at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Nice on June 15, 1957, and at Stockholm on July 14, 1967.

⁴⁴ Amended in 1980.

⁴⁵ Revised at the Hague in 1960, an additional act of Monaco of 1961, a complementary act of Stockholm of 1967 and amended on September of 1979, and the Geneva Act of 1999.

In the field of appellations of origin: The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958.

International registration has several advantages for a trademark owner. Instead of filing an application separately in the trademark Offices of the various Contracting Parties in different languages, paying a separate fee in each office, only one application has to be filed, to one Office, in one language, and fees to one Office. Clearly, it is large companies, such as the multinational pharmaceuticals which conduct worldwide searches, followed by multi-country filings, which benefit from international registration.

The third group consists of treaties that establish International Classifications: The Strasbourg Agreement Concerning the International Patent Classification of 1971,⁴⁶ the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957,⁴⁷ the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks of 1973,⁴⁸ and the Locarno Agreement Establishing an International Classification for Industrial Designs of 1968.⁴⁹

A Forum for Cooperation Among Member States – The Standing and Advisory Committees in the Field of Industrial Property Law

Several Standing and Advisory Committees of Member States were established following the approval by the Assemblies of the Member States of WIPO and the Unions administered by WIPO of the Program and Budget for the 1998-99 biennium. The Committees provide a forum for the international cooperation of states and examine questions of substantive law or harmonization in the main fields of activity by WIPO. As they deal with clusters of interlocking issues rather than working in isolation on single issues, they give Member States an effective mechanism for setting priorities and allocating resources. Furthermore, the expertise and breadth of representation of Member States enable the Committees to advance discussions on special issues within the intellectual property rights field. Since representatives from a broad spectrum are present at the different

⁴⁶ Classification is indispensable for the retrieval of patent documents in the search for “prior art.” Such retrieval is needed by patent-issuing authorities, potential inventors, research and development units, and others concerned with the application or development of technology.

⁴⁷ Although only 50 States are party to the Nice Agreement, the trademark offices of more than 130 States, as well as the International Bureau of WIPO, the Benelux Trademark Office, the African Intellectual Property Organization (OAPI) and the Office for Harmonization in the Internal Market (Trade Marks and Designs) of the European Communities, actually use the Classification.

⁴⁸ The Agreement establishes a classification for marks which consist of or contain figurative elements.

⁴⁹ The Agreement establishes a classification for industrial designs.

Committee-meetings, it should be, at least objectively, a democratic forum where each opinion is taken into consideration.

In the field of Industrial Property Law, two Standing Committees and one Advisory Committee have been established to monitor all activities in the area of international industrial property law and related general industrial property issues. The Standing Committees prepare studies and proposals for improvement, and consider the most appropriate approach to their adoption and implementation. These include:

- The Standing Committee on the Law of Patents (the SCP);
- The Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (the SCT) (see chapter 3.6 and 4.5); and
- The Advisory Committee on Enforcement of Industrial Property Rights (ACE/IP).

The SCT and its work with the development for the protection of well-known marks are being dealt with in chapter 4.5. The ACE/IP and its engagement in issues concerning the enforcement of intellectual property rights will be discussed below in this chapter, though the Committees are not dealing with well-known marks in particular. The ACE/IP is an organ stemming from the WIPO-WTO Agreement of 1995 (see chapters 3.4, 3.6).

The Advisory Committee on Enforcement of Industrial Property Rights (ACE/IP)

The enforcement obligations under the TRIPS Agreement have resulted in a large number of requests from developing countries to WIPO to advise and assist them in understanding the implications of the TRIPS enforcement provisions, establish and upgrade enforcement mechanisms, particularly with respect to border measures, as well as devise special programs for customs and police officials, judges, prosecutors, attorneys, rights holders and common people.⁵⁰ The work of the ACE/IP extends beyond the TRIPS Agreement.⁵¹ Generally speaking, the objective of the ACE/IP, as an Advisory Committee, is to: ...“monitor all activities in the area of international industrial property law, and related general industrial property issues, prepare studies and proposals for improvement, and consider the most appropriate approach to their adoption and implementation.”⁵²

⁵⁰ WIPO/TRIPS/2000/1, para. 31, p. 13.

⁵¹ ACE/IP/1/3, p. 2, para. 5.

⁵² See the introduction to Main Program 09, “Development of Industrial Property Law,” in the Program and Budget for the 1998-1999 Biennium (document A/32/2–WO/BC/18/2, p. 87; approval reported in document A/32/7, para. 93).

In other words, one has to keep in mind that the activities of the ACE/IP within the enforcement of industrial property rights stays in a very academic form. The work within the Committee does not aim at drafting an exhaustive and mandatory list of efficient enforcement practices for the administrative authorities of developing countries. The enforcement activities aim rather to help and assist the developing countries in the fulfillment of the WTO-TRIPS Agreement.

In order to present a clear and balanced view of the TRIPS enforcement provisions, WIPO has organized three interregional, ten regional, nine subregional and 60 national meetings for the developing countries.⁵³ The human resource development and training activities of WIPO focused on creating a core of trained personnel and imparting the necessary skills to enforce intellectual property rights, for example:

- Organizing a number of training courses and special meetings;
- Convening three special WIPO Academy training sessions for enforcement officials;
- Arranging orientation and study programs for senior customs officials of 17 countries to act as trainers and resource persons; this was done in cooperation with WTO, the World Customs Organization (WCO), the offices of industrialized countries and associations of holders of rights;
- Organizing a number of colloquia for judges, and arranging interaction among judges, prosecutors and attorneys;
- Facilitating interaction among the associations of rights holders, industry representatives and enforcement officials; and
- Providing documentation, equipment and training materials.⁵⁴

3.3 The World Trade Organization (WTO)⁵⁵

WTO is the only international body dealing with the rules of trade between nations.⁵⁶ At its core are the WTO agreements, the legal ground-rules for international commerce and for trade policy. The agreements have three main objectives:

- To help trade flow as smoothly, freely, fairly and predictably as possible⁵⁷;
- To achieve further liberalization gradually through negotiation; and
- To set up an impartial means of settling disputes.

⁵³ WIPO/TRIPS/2000/1, para. 32, p. 13.

⁵⁴ Id., para. 34, p. 13.

⁵⁵ This chapter is built on notes from a lecture at the WTO during an intensive training program at the WIPO World Academy, 3 July-12 August 2000.

⁵⁶ [Http://www.wto.org](http://www.wto.org)

⁵⁷ This is the overriding objective.

WTO is trying to reach the first objective by administering trade agreements, acting as a forum for trade negotiations, settling trade disputes, reviewing national trade policies, assisting developing countries in trade policy issues, i.e., integrating trade into development plans for the least-developed countries through technical assistance and training programmes. The WTO also cooperates with other international organizations, such as WIPO (see below), the International Monetary Fund (IMF), the International Trade Center (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP) and the World Bank.

The WTO has 140 members, accounting for over 90% of world trade. More than 30 other States are negotiating accession. The decisions are made by the entire membership, typically by consensus. It could be a majority vote, but it has never been used in the WTO and it was extremely rare under the WTO's predecessor, GATT. The WTO's agreements have been ratified in all members' parliaments.

Constitutional Structure

The top-level decision-making body of the WTO is the Ministerial Conference which meets at least once every two years. Below the Ministerial Conference is the General Council⁵⁸ which meets several times a year in Geneva. The General Council does also meet as the Trade Policy Review Body and the Dispute Settlement Body (DSB). At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council. A number of specialized committees, working groups and working parties are dealing with the individual agreements and other areas such as the development, environment, membership applications and regional trade arrangements. Each member of the WTO is entitled to membership on the TRIPS Council. The TRIPS Council is responsible, *inter alia*, for monitoring operation of the TRIPS Agreement, including implementation of its obligations by members. The TRIPS Council is assisted by the WTO Secretariat.

The TRIPS Agreement entered into force on January 1, 1995. It constitutes the most comprehensive multilateral agreement on intellectual property.⁵⁹ A central

⁵⁸ Normally ambassadors and heads of delegation in Geneva, but sometimes sent from members' capitals.

⁵⁹ It covers copyright and related rights (the rights of performers, producers of sound recordings and broadcasting organizations), trademarks including service marks, geographical indications including appellations of origin, industrial designs, patents including the protection of new varieties of plants, the layout-designs of integrated circuits, and undisclosed information including trade secrets and test data.

purpose of the TRIPS Agreement negotiations was to move the center in the international intellectual property arena from WIPO to the new WTO.⁶⁰

3.3.1 The Situation Prior to the TRIPS Agreement

For over one hundred years, international conventions have provided international rules and standards, which have attempted to strike a balance between the interests of both right holders as well as users of intellectual property. Intellectual creations would not be undertaken if there were little or no entitlement to reward, and of course if there were no market and users of IP products.

There has been a varied worldwide approach towards the development of intellectual property protection. For example, the production costs of some Hollywood movies have run into hundreds of millions of dollars. Investments of this kind and magnitude have meant that industrialized countries have constantly been upgrading their system of protection for intellectual property rights. Gradually, producers, performers, computer programs, broadcasters of phonograms and movies were given enhanced possibilities of protection by preventing others from unfairly exploiting their costly investment, and by seeking redress if their rights were violated.

The protection of intellectual property rights evolved quite differently in many developing countries. The legislative situation of earlier decades was that some countries just maintained the inherited level of intellectual property rights protection from their former colonial powers. Other countries regressed their level of intellectual property protection because the patent protection was considered to be an unfair obstacle to swift industrialization.⁶¹

A number of developing countries and newly industrialized countries had thus far provided only little, if any, effective protection of intellectual property rights. This clearly resulted in uneven and different levels of worldwide protection.⁶² The economic effects, in particular on trade, are reflected in the fact that the value of counterfeit and pirated goods amounts to about 120-240 billion U.S.\$ per year.⁶³

⁶⁰ “*The International Intellectual Property System, Commentary and Materials*,” part one, F. Abbott, T. Cottier & Francis Gurry, Kluwer Law International, 1999, p. 359.

⁶¹ “*The Implementation of the TRIPS Agreement*,” by Paul Vandoren, *The Journal of World Intellectual Property*, Vol. 2 No. 1, January 1999, p. 25.

⁶² To put the significance of these two competing situations into perspective: If an Indian producer of generic pharmaceutical products copies a German drug for which several hundred million dollars were spent on research and development, the German legal manufacturer is effectively excluded from the Indian market and possibly other markets to which the generic products may be exported.

⁶³ Paul Vandoren, *Id.*, p. 26.

To summarize, previous international discussions and meetings held with the aim of achieving a consensus on intellectual property rights protection had proved unfruitful. There were numerous worldwide differences in intellectual property legislation due to different philosophies and approaches, which had proved to be difficult to overcome. US support for TRIPS grew in substantial part out of dissatisfaction with WIPO, the treaties WIPO processes yielded, due in large part to the lack of effective enforcement mechanisms to deal with national deviations from WIPO treaty norms. The main WIPO conventions in the area of intellectual property were almost entirely silent on the issue of enforcement.

3.3.2 Historical Background of TRIPS

The original General Agreement on Tariffs and Trade (GATT) was created in 1947 at the Bretton Woods Conference, in the U.S., at which it was intended to establish a settled world trade order after the World War II. This conference also established the World Bank and the IMF, but failed to establish an international trade organization as a result of hostility from the U.S. Senate. The interim solution adopted by the U.S. and eight other major trading nations was the GATT, which was an attempt to remove barriers to free trade by lowering tariffs. The agreement froze tariffs at their 1948 levels and established a set of trade rules. The most important principle was the most favoured nation principle, under which the GATT Member States agreed to afford all the other Member States the lowest tariff rates afforded to the products of any country. Or, in other words, national treatment of imports and prohibited internal taxes or regulations that discriminated against imports.⁶⁴

Until the GATT Uruguay Round of trade negotiations that commenced in 1986, WIPO played the preeminent role in the international regulation of intellectual property rights. The Uruguay Round of multilateral trade negotiations was the eighth such round, and it was initiated as a result of years of the IP-related discussions within the previous GATT regime. The overall objective of the IP-related discussions within the Uruguay Round was to shift the intellectual property rights regulatory focus away from WIPO to the WTO, which would permit the use of trade-based remedies to enforce international intellectual property rights standards.

One element of dissatisfaction was that nations had increasingly imposed non-tariff measures on imports such as dumping, export subsidies, border taxes and regulatory restrictions, which formed barriers to free trade. Another source of dissatisfaction was the lack of useful enforcement regime. This caused dissatisfaction particularly in the developed world.⁶⁵ In particular, counterfeiting and piracy had for years been a big problem and caused discontent in many developed countries, especially in the U.S. As no conclusive evidence had been shown to prove that piracy had a negative impact on world trade, the U.S. idea of including anti-piracy and anti-counterfeiting articles was not achieved in the GATT.

Historically (as mentioned above), various international treaties governed the establishment and enforcement of intellectual property rights. Many of these

⁶⁴ Average tariffs in industrial countries fell from an average of 40% in 1947 to 5% in 1988 while the volume of international trade in manufactured goods multiplied twenty-fold.

⁶⁵ This view was not universally shared, and a number of countries in the developing world, particularly Brazil and India, opposed the adoption of the TRIPS Agreement on the ground that WIPO was the proper international organization to govern intellectual property matters.

treaties, among others the Paris Convention administered by WIPO, had no mechanism of imposing a binding settlement on disputing parties. As mentioned above, WIPO administered treaties contain no enforcement mechanisms.

3.3.3 Major Achievements of the TRIPS Agreement

US trade groups representing particularly the music and film industries produced detailed reports about their losses in billions of dollars and the effects on trade of piracy of intellectual property rights worldwide. The Uruguay Round negotiations offered a forum for international negotiations on intellectual property, with the participation of both developed and developing countries. The results of it was expressly recognized that, in the developed world, intellectual property rights are regarded as “goods” that come under the GATT and that ineffective worldwide enforcement of intellectual property rights constituted a barrier to world trade. To date, the TRIPS Agreement is the most comprehensive multilateral agreement on intellectual property, and the negotiations to achieve this result were long, complex and contentious.⁶⁶ The Agreement covers copyright and related rights,⁶⁷ trademarks including service marks, geographical indications including appellations of origin, industrial designs, patents, including the protection of new varieties of plants, layout-designs of integrated circuits and undisclosed information including trade secrets and test data.⁶⁸

According to Paul Vandoren, the Agreement is a major advance in the international system for the protection of intellectual property rights this century and it will probably be the cornerstone of the international system in this area for the foreseeable future. He adds that before TRIPS, industrialized countries were losing more and more of their advantage in the pharmaceutical, computer software, sound recording and luxury areas because they were copied in countries with a low level of protection and enforcement of intellectual property rights.⁶⁹

The resulting agreement, called the Marrakesh Agreement or the World Trade Organization Agreement, created the World Trade Organization (WTO Agreement). It laid down the foundations of the new multilateral trade system. The WTO Agreement replaced the former GATT of 1947, which functioned as a multilateral agreement without any institutional bodies (only a secretariat). WTO is an intergovernmental organization and it does not belong to the UN system of Organizations.

⁶⁶ “*The International Intellectual Property System, Commentary and Materials*,” part one, F. Abbott, T. Cottier & Francis Gurry, Kluwer Law International, p. 302.

⁶⁷ Related rights are the rights of performers, producers of sound recordings and broadcasting organizations.

⁶⁸ TRIPS, Art. 1.2.

⁶⁹ “*The Implementation of the TRIPS Agreement*,” by the European Commission, Brussels, Belgium *The Journal of World Intellectual Property*, Vol. 2 No. 1, January 1999, pp. 26-27.

It is important to mention that consultations to establish arrangements for cooperation and a mutually supportive relationship between the WTO and the WIPO concerning intellectual property are required by the TRIPS Agreement (see below in chapter 3.2.4).⁷⁰

3.3.4 Implementation of the TRIPS in Member Countries of the WTO

The TRIPS Agreement is binding on all WTO members. Pursuant to Art. 65(1) of the TRIPS Agreement, the Member countries are obliged to apply the provisions of the Agreement within one year after entry into force, i.e., by January 1, 1996. In recognition of the difficulties adherence would require in some of the signatory countries, deadlines for compliance with the Agreement were adjusted according to the stage of a country's economic development. Developed countries were required to comply by 1 January 1996. Members of the WTO participated in a process, administered by the TRIPS Council, through which these countries were questioned as to their compliance and were given an opportunity to show how their laws met the TRIPS standards. The majority of the WTO Members fall into the category of developing countries. These countries and, under certain circumstances, Member countries in the process of transformation from a centrally planned economy into a market, free enterprise economy, were given a longer implementation period until 1 January 2000 to comply with the TRIPS Agreement.⁷¹ The WTO Member countries identified by the UN as least developed countries were given the longest transitional period and are not required to be in full compliance until 1 January 2006.⁷²

In order to facilitate the implementation of the TRIPS Agreement, developed country Members are required to provide financial support and technical cooperation to developing and least-developed countries. Such cooperation is to include assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as the prevention of their abuse.⁷³

3.3.5 Sector for Progressive Development of International Intellectual Property Law – The Industrial Property Division

⁷⁰ Paul Vandoren, *Id.*, p. 26.

⁷¹ Pursuant to Arts. 65(2) and (3).

⁷² Pursuant to Arts. 71(1) and 68.

⁷³ Paul Vandoren, *Id.*, p. 29.

The Industrial Property Law Division of WIPO is committed to the progressive development of international law in the field of Industrial Property. Principles and rules in national and regional industrial property laws and procedures differ from country to country and sometimes require unnecessary formalities. This causes problems for industrial property owners who seek protection in several countries, and for industrial property offices in their worldwide cooperation. It is therefore necessary to strengthen cooperation among States in the field of industrial property in order to ensure that such protection is adequate, easy to obtain and, once obtained, effectively respected. It is not yet sure what this section is intended to serve.

WIPO's Legal and Technical Assistance to Developing Countries for the Implementation of the TRIPS Agreement From January 1, 1996 to June 30, 2000⁷⁴

The WIPO General Assembly mandated the International Bureau in 1994 and 1995 to study and to provide assistance to the Member States of WIPO on matters related to the TRIPS Agreement. In 1995, an agreement between WIPO and WTO was adopted and came into force on January 1, 1996. The WIPO-WTO Agreement is specifically provided for cooperation between WIPO and WTO on legal-technical assistance to developing countries (see chapter 3.6). From January 1996 to June 2000, pursuant to the WIPO-WTO Agreement, the International Bureau of WIPO carried out extensive TRIPS Agreement-related activities.

Art. 66(1) of the TRIPS Agreement has been harshly criticized by the developing countries, because of the difficulties for them to harmonize the Agreement with their legislation. The least-developed countries do not have as sophisticated intellectual property rights legislation as the developed countries and perhaps no intellectual property rights legislation at all. In those countries, it is also argued that some fundamental human rights, such as the right to food, health, etc., are more important than trade related legislation, which is viewed as being beneficial only to the developed countries. For most Member Countries of the WTO, the harmonization measures were by no means complete even after TRIPS entered into force.⁷⁵ In a considerable number of cases, it was found that the provisions had not been implemented within the specified period. For instance, Art. 16(3) of the TRIPS Agreement, which extends trademark protection to non-similar goods or services, was among them.⁷⁶

⁷⁴ See document WIPO/TRIPS/2000/1, August 2000, pp. 6-20.

⁷⁵ “*Dispute Settlement and New Developments Within the Framework of TRIPS – An Interim Review*” by Sigrid Dörmer, IIC, Vol. 31, No. 1/2000, pp. 1-3.

⁷⁶ Frequent cause for objection as well were: Art. 14(5); Extension of the protection period for performing artists to 50 years, Art. 35; Protection for the topographies of integrated

Many critical voices have been stating, if the developed countries show no patience for the developing countries in their struggle for reaching the minimum standard level of the protection of intellectual property rights, the TRIPS may increase complaints and disputes and create unfriendly relations. Given this scenario, J.H Reichman concludes:

“(…)Three core principles that all those who want the TRIPS Agreement to succeed should bear in mind. First, if the developed countries push too hard and too fast, the developing countries and the least-developed countries will find ways to push back....(they) will look to the safeguards embodied in the TRIPS Agreement. The second core principle is that any victorious dispute-settlement proceeding may, at least in the short-and medium-terms, constitute something of a setback to friendly relations between states in the field of intellectual property law.⁷⁷

The third core principle is that compensation has now become the key to the further development of international intellectual property protection in the trade-law environment. It follows that states desiring a higher level of protection or enforcement than that afforded by the existing minimum standards cannot substitute complaints about the domestic legal systems of less protectionist countries for further rounds of negotiated compensatory trade concessions of interest to those countries.”⁷⁸

3.4 Principles and Provisions under TRIPS⁷⁹

3.4.1 Most Favoured Nation Principle

On paper, TRIPS significantly expands protections for all intellectual property rights. TRIPS generally requires that each WTO Member State must provide nationals of other Member States with intellectual property rights that are no less favorable than the rights it grants to its own nationals⁸⁰ (the most favoured nation principle). In addition, advantages and privileges granted by a Member State to the nationals of any other country must be granted to the nationals of all other Member States, subject to certain exceptions⁸¹

circuits and insufficient procedural regulations for the enforcement of intellectual property rights against the unlawful import of goods.

⁷⁷ “*Enforcing the Enforcement Procedures of the TRIPS Agreement*” by J.H. Reichman, 37 VA J Int'l L 335, 339 (1997).

⁷⁸ *Id.*, p. 356.

⁷⁹ This chapter is partly built on notes from a lecture on TRIPS with Vicky Allums, Doris Estelle Long, and Susan F. Wilson, Attorneys at the U.S. Patent and Trademark Office, during an intensive training program at the WIPO World Academy, 3 July-12 August 2000.

⁸⁰ TRIPS, Art. 3(1).

⁸¹ *Id.*, Art. 4.

3.4.2 Minimum Standards of Protection

TRIPS requires that a Member's intellectual property laws must include certain specified provisions. These include, for instance, Arts. 1 through 12 and 19 of the Paris Convention, which establishes a minimum level of protection for patents, trademarks and other intellectual property rights. Its provisions include, for example, the protection of trade names without registration and the right to use a filing date in the country of one Member State as the priority date in other Member Countries if the subsequent filings are made within one year, in the case of patents - or within six months, in the case of trademarks.⁸²

The TRIPS Agreement establishes a uniform set of standards that include a common definition of the trademark.⁸³ There are obligations to protect a trademark that is a visually perceptible sign, which distinguishes goods or services of one party from those of another. Members are free to determine whether to allow the registration of signs that are not visually perceptible (e.g. sound or smell marks). A Member is allowed to refuse registration if the sign lacks inherent distinctiveness, unless the sign acquires distinctiveness through use. Registration may be conditioned on the mark's use, but use may not be a prerequisite for filing an application. Moreover, an application cannot be refused because intended use has not commenced within three years of the application date.

The provisions relating to the protection of well-known marks in the Paris Convention are recognized to apply to service marks as well as marks for goods (see chapter 4.2). Countries that provide for cancellation on the ground of non-use must allow a period for non-use of at least three years before such provisions take effect. Use by a third party under the owner's control, usually a licensee, inures to the benefit of the owner of the mark. Encumbrances on the use of the mark, such as linking requirements, are barred. Compulsory licensing of trademarks and restrictions on assignment without the transfer of goodwill are banned, although WTO Members may impose certain conditions on the terms under which trademarks may be licensed.

The TRIPS Agreement strengthens protection for geographical indications and a higher level of protection is provided for geographical indications for wines and spirits, which are protected even in cases where there is no danger of consumer confusion as to origin.

3.5 Enforcement: Protection of Well-Known

⁸² *Id.*, Art. 2(1).

⁸³ *Id.*, Art. 15.

Marks under the TRIPS Agreement⁸⁴

The enforcement provisions of TRIPS do not specifically protect well-known marks. Instead, trademarks in general are the subject of the enforcement provisions. One of the objectives of the TRIPS is to make the agreed standards of protection as effective as possible. Part three of the Agreement addresses the duties of the WTO Members to amend their individual laws to ensure that intellectual property rights are recognized within the meaning of the Agreement.⁸⁵ Their laws must be effectively and equally enforced for foreign and domestic owners of intellectual property rights. There is also a requirement to establish procedures for direct action against infringement, fairly and without complicated, costly and time-consuming administrative requirements. Unreasonable terms or delays in adjudication are prohibited.

The emphasis in the enforcement part of the TRIPS Agreement is on internal enforcement mechanisms, which, if effective, would enable infringing activity to be stopped at source, the point of production.⁸⁶ Since internal enforcement is not always possible, the agreement also recognizes the importance of border enforcement procedures that will enable right holders to obtain the cooperation of customs administrations so as to prevent the release of infringing imports into free circulation.⁸⁷ Of particular importance is Art. 50 of the TRIPS Agreement. The courts must be able to impose provisional measures to prevent infringements and to preserve evidence and if necessary, without hearing the other party.⁸⁸

Hermès International Ltd. v. FHT Marketing Choice BV⁸⁹

Hèrmes, the well-known trademark within the field of fashion and known as being an exclusive mark as well, applied in January 1996 to the District Court in Amsterdam for an interim order requiring FHT to cease infringement of its trademark and copyright. About one year earlier, Hèrmes suspected that FHT was marketing copies of its neckties which Hèrmes markets through a selective distribution system and seized ten neckties in the possession of FHT itself and attached 453 ties held by the Post to the order of FHT. The question was whether certain measures under the national law was to be regarded as a “provisional measure” within the meaning of Art. 50 of the TRIPS Agreement.

⁸⁴ Sigrid Dörmer, *Id.*, pp. 23-32.

⁸⁵ Arts. 41-61 of TRIPS.

⁸⁶ However, the Agreement recognizes that such enforcement at source will not always be possible and that in any event not all countries are Members of the TRIPS Agreement.

⁸⁷ See section 4 of the enforcement part of the TRIPS Agreement.

⁸⁸ There was doubt in many countries whether the civil procedure regulations were in accordance with Part III of the Agreement (in particular Art. 50).

⁸⁹ Case No. C-53/96, Decision of the European Court of Justice, June 16, 1998.

The ECJ ruled that Art. 50(1) of the TRIPS Agreement applies to “prompt and effective” measures, whose purpose is to “prevent an infringement...from occurring.”⁹⁰ Furthermore, if the *purpose* of an order made by the national court is to put an end to an infringement of trademark rights, then it falls within the meaning of Art. 50 of the TRIPS.⁹¹ Other characteristics, such as for example, if the opposing party showed up in court, was summoned and heard by the court or that an appeal was lodged against a decision, these do not, however affect the meaning of Art. 50(1).

Arts. 51-60 of the TRIPS Agreement provides for the mandatory compliance in the case of counterfeit goods and permissive compliance in the case of infringing goods with comprehensive procedures for the seizure of imported and exported goods. According to Art. 51 of the Agreement, at least counterfeit trademark and pirated copyright goods that are being presented for importation must be subject to border enforcement procedure. The article leaves flexibility to Member governments on whether to include imports of goods, which involve other infringements of intellectual property rights. They are also free to determine whether to apply these procedures to parallel imports.⁹²

WTO Members must allow judicial tribunals to order production of evidence and must provide for provisional remedies, including allowing courts to issue injunctions or to order the seizure and destruction of infringing goods.⁹³ In particular, the judicial authorities must have authority to order swift and effective relief in certain circumstances, particularly where a delay in relief is likely to cause irreparable harm to an intellectual property right holder.⁹⁴ Parties must enjoy the right to be heard and an unheard party must be given the chance to contest any remedy that has been ordered.⁹⁵ Damages awarded for infringement of intellectual property rights must be adequate to compensate for the injury suffered as well as attorney’s fees.⁹⁶

In cases of willful trademark infringement and copyright piracy on a commercial scale, TRIPS requires WTO Members to provide for criminal procedures as well as penalties.⁹⁷ These penalties should include imprisonment as well as fines sufficient to have a deterrent effect. In cases where counterfeit goods have been seized, the goods will normally be held for a ten day period unless proceedings

⁹⁰ Para. 36 of the case.

⁹¹ For example, it is expressly characterized in national law as an “immediate provisional measure” and it is adopted “on ground of urgency.” Para. 37 in the case.

⁹² This is confirmed in footnote 13 to the Article, according to which it is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder.

⁹³ Art. 61.

⁹⁴ Art. 50.

⁹⁵ Art. 43(2).

⁹⁶ Art. 45.

⁹⁷ See Section 5 in the enforcement chapter.

are commenced within that period for an action to adjudicate whether the seized goods are infringements or not. If no such action is commenced, the goods will be released. In other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale, the TRIPS Agreement leaves it to the WTO Members to decide whether to provide for criminal procedures and penalties to be applied.⁹⁸

The enforcement of intellectual property rights and the prevention of, for instance, product piracy are not merely a question of changing and tightening national, civil and criminal law penal regulations. Mere legislative action cannot compensate for lack of tradition in the enforcement of rights. Not if the police system lacks training and motivation to investigate such infringements either. This problem was actually discussed at a joint symposium of the WTO and WIPO, where representatives of both organizations announced their intention to provide individual financial and technical assistance, including know-how, to the judicial and public authorities in the countries concerned.⁹⁹

3.5.1 The TRIPS Council – A Monitoring Compliance Organ

The TRIPS Council is responsible for monitoring the operation of the TRIPS Agreement, in particular Members compliance with their obligations under the Agreement. Members of the WTO are and have been obliged to submit their implementing legislation for examination to the TRIPS Council.¹⁰⁰ In 1996 and 1997, the implementing legislation of all developed countries was reviewed in the form of a staged process in four meetings of the TRIPS Council, which each lasted for about a week.¹⁰¹ By the end of 1997, the Council for TRIPS had reviewed the legislation of about 30 Member Countries, excluding the legislation adopted by the developing and countries in transition.

After the creation of the TRIPS Agreement and the TRIPS Council, WIPO's prominence in the international intellectual property policy area is under challenge by the TRIPS Council. As new intellectual property norms become accepted by the international community, the Council is responsible for recommending amendment to the TRIPS Agreement. The roles of WIPO and the Council are intertwined to some degree.

⁹⁸ Art. 61.

⁹⁹ WIPO-WTO Joint Symposium, September 16, 1998 in Geneva.

¹⁰⁰ Pursuant to Art. 63(2).

¹⁰¹ Paul Vandoren, *Id.*, p. 30.

The WTO Dispute Settlement Procedures (DSU) ¹⁰²

Maybe the most important advantage of TRIPS is that it allows for a powerful new means to resolve international intellectual property rights disputes. However, it has to be kept in mind that with the exception of the requirement for transparency covered in Art. 63, the TRIPS Agreement does not contain any comprehensive provisions concerning the settlement of disputes. Instead, in Art. 64, the Agreement refers to the Understanding on Rules and Procedures Governing Settlement of Dispute (the DSU). If a foreign government fails to enforce intellectual property rights as required by TRIPS, then the dispute resolution procedures of the WTO may be used to enforce the failure. Disputes under TRIPS (and the other WTO agreements) are treated as disputes between Members of the WTO. Trademark owners do not have a private right of action under TRIPS.

Where failure to comply with terms of the WTO Agreement damages traders from one WTO Member, sanctions may be imposed against the offending country.

The DSU dispute settlement procedures begin with a request by one Member for a consultation with the other concerned Member of the WTO. If the dispute is not resolved within 60 days, then the Member may request review by a three to five person panel of “well-qualified” individuals with experience relating to international trade law or policy (conciliation or mediation). The panel is then to make an objective assessment and recommendations with respect to the matter. The final report of the panel must be issued within six months and the recommendations are to be implemented by the Dispute Settlement Body within 60 days, unless a party appeals to a three person Appellate Body. The Appellate Body has 60 days to review the panel’s findings and recommendations. The entire dispute resolution process is to be completed within approximately 16 months of the initial request for consultation.

The parties are obliged to comply with the decision.¹⁰³ The WTO sees its enforcement possibilities under the DSU as a powerful weapon. The Member in question is allowed a reasonable time to implement the decision. The parties in the dispute can make an agreement about the time as well.¹⁰⁴ The panel- and Appellate Body reports are only binding on the parties to the proceedings and

¹⁰² Sigrid Dörmer, *Id.*, pp. 5-8.

¹⁰³ DSU, Art. 21(1).

¹⁰⁴ *Id.*, Art. 21(3)(b).

neither the panel, nor the Appellate Body are bound to their own decisions in future cases.¹⁰⁵

It would appear that the WTO is an organization ideally suited to enforce violations of trade rules, since it establishes minimum standards for the protection of intellectual property rights and provides for stricter enforcement of such rights worldwide. Whether this will prove to be the case remains to be seen. Interestingly enough, no complaints have been filed against developing countries. In other areas of the other WTO Agreements, the ratio is different.

3.6 The WTO and WIPO - Cooperative Mechanisms

Cooperation between the WTO and WIPO was foreseen under the TRIPS Agreement, which specifically directs the TRIPS Council to establish mechanisms for cooperation with WIPO. Formal actions have been taken to facilitate cooperation between WIPO and WTO: In December 1995 the Director General of WIPO and the Director General of the WTO signed a cooperation agreement covering intellectual property issues for the management of globalized trade.¹⁰⁶ Three areas of cooperation between the two organizations are specifically provided under the WIPO-WTO Agreement, which are:

- Deposit of laws and regulations;¹⁰⁷
- Implementation of Article 6*ter* of the Paris Convention,¹⁰⁸; and
- Legal and technical assistance to developing WIPO- and WTO Members States with regard to the TRIPS Agreement.¹⁰⁹

Numerous cooperation activities have been undertaken pursuant to Art. 4 of the WIPO-WTO Agreement. The TRIPS Council, at the request of its Members, might also seek guidance from WIPO in the context of dispute settlement.¹¹⁰

¹⁰⁵ There is no *stare decisis* like in the common law, i.e., the decisions do not have prejudicial effect.

¹⁰⁶ The WIPO-WTO Agreement, (Agreement between the World Intellectual Property Organization and the World Trade Organization), Geneva December 22, 1995, and entered into force on January 1, 1996.

¹⁰⁷ The two organizations might work together in the establishment of a common register of Members' intellectual property rights laws and regulations (Art. 2(1) in the Agreement).

¹⁰⁸ The communication of emblems and transmittal of objections are to be administered by the International Bureau under the procedures under Article 6*ter*.

¹⁰⁹ *Id.*, Art. 4.

¹¹⁰ *Id.*, Art. 2(3).

3.6.1 Conflicting Rules and Standards?

With WIPO and the TRIPS Council firmly established in today's international intellectual property policy arena, each faces a more uncertain future than some commentators seem to think. There is a clear basis for conflict involving the rule-making activities of the WTO in the TRIPS context, and WIPO.¹¹¹ For WIPO, the most obvious challenges lie in redefining its role in the international intellectual property policy-making community. The TRIPS Agreement, after all, was adopted in part because of dissatisfaction with WIPO processes (see above), but the potential dispute settlement activities of the WTO and WIPO also represent a potential source of tension, since the TRIPS Agreement does not suspend the independent operation of WIPO administered multilateral conventions.

Although the TRIPS Council has been given the task of working out co-operative arrangements with WIPO, hierarchical struggles seem almost inevitable between these two organizations.¹¹² Additional protocols and regulatory provisions may be adopted in WIPO, and these provisions might not be approved or adopted in the TRIPS' forum. The consequence is that States may be in compliance with the rules of WIPO administered treaties and conventions and in derogation with the rules of the TRIPS Agreement.¹¹³ Unless a mutually satisfactory and symbiotic relationship develops between them, including the possible division of labour, in the long run, one is likely to achieve leadership at the expense of the other. This may lead to a considerable diminution in the role of one of these institutions in the intellectual property policy arena.

As to the future picture, according to Frederick M. Abbott, the primary role of WIPO should be to provide a forum for negotiation of new multilateral intellectual property rights' rules in coordination with the TRIPS Council, to administer multilateral intellectual property rights conventions and to promote technological development, especially in the developing countries as at present.

The primary role of WTO should be to maintain the competitive balance in trade among WTO Members as foreseen by the TRIPS Agreement. Mr. Abbott emphasizes that the allocation of dispute settlement responsibilities is very important. He suggests that a completion of the WIPO Dispute Settlement Treaty would provide a complementary dispute settlement forum to that of the WTO, where the WIPO forum could have the primary responsibility for the settlement of

¹¹¹ "Challenges for the World Intellectual Property Organization and the Trade-related Aspects of Intellectual Property Rights Council in Regulating Intellectual Property Rights in the Information Age," by Pamela Samuelson *European Intellectual Property Review*, Vol 21 Issue 11 November 1999, pp. 578-591.

¹¹² An interesting aspect of the hierarchical struggle: the WTO names the agreement "the WTO-WIPO Agreement" whereas the WIPO names it "the WIPO-WTO Agreement"!

¹¹³ "The International Intellectual Property System, Commentary and Materials," part one, F. Abbott, T. Cottier & Francis Gurry, Kluwer Law International, 1999, pp. 361-363.

disputes concerning the interpretation of substantive intellectual property rights rules. In other words, the WTO forum should have the principal responsibility for the “maintenance and restoration of competitive balance in the field of trade.”¹¹⁴

¹¹⁴ *Id.*, pp. 370-371.

4 International Principles for the Protection of Well-Known Marks - Treaties

4.1 Introduction

The doctrine of well-known marks recognizes the reality of and the need for protection for a trademark with a reputation. There are two points that have to be taken in this context. The principle of territoriality is the historical approach in the doctrine. Trademark rights typically arise within a given country, usually on the basis of use of a mark on physical goods or in connection with the provision of services in specific locations within that country. Different countries have different trademark laws, with important differences on matters as central as whether the same name can be used in different lines of business. Protection of a well-known mark on a global basis requires registration in each country. A trademark owner must therefore also be constantly alert to territorially-based claims, and to dilution arising from uses of confusingly similar marks, and must master the different procedural and jurisdictional laws of various countries that apply in each such instance.

The other, modern approach in the well-known marks doctrine is the principle of specialty. This principle protects a well-known mark from imitations of the mark for similar goods. It applies if an essential part of a mark constitutes a reproduction of another well-known mark or an imitation, which is liable to create confusion. The well-known mark is therefore protected from dilution, i.e., from being degraded and maybe less worth than before the other mark diluted it.

This doctrine is especially needed today when marks are widely used in all countries - whether developing or industrialized, and they play an important economic role in the marketing of goods and services and trade. Studies show the tremendous name-recognition of certain marks, like Coca-Cola or IBM, and the value/wealth attached to them as a result. Their recognition can extend around the world or to substantial parts of the globe.

The Internet phenomenon has opened up global advertising to even the smallest merchant. The reputation and goodwill associated with a brand is, no longer, tied to a nation or a region.¹¹⁵ Therefore, branding is becoming more and more important. Advertisers are becoming less and less limited by national boundaries in view of the sophisticated methods and means of communication and frequent

¹¹⁵ Frederick W. Mostert, "Famous and Well-Known Marks-An International Analysis," Butterworths 1997, p. 1.

travel for reasons of business, study or pleasure. Trademark piracy, which means the registration or use of a well-known foreign trademark in a country when it is not registered, or when it is invalid as a result of its non-use, has become a large problem. Multinational companies are therefore confronted with the need to protect their well-known trademarks on a worldwide basis. The unauthorized use of a well-known trademark by an infringer could, for example, lead a consumer to believe that a business connection existed between the infringer and the trademark owner. The latter might have lost control over the use of his trademark in the particular jurisdiction and therefore runs considerable risk that the poor quality of the infringer's product may lead to a dilution of the trademark owner's well-known trademark.

4.2 The Protection of Well-Known Marks in the Paris Convention

4.2.1 Background

The Vienna Congress of 1873 – An Exhibition For Inventors Around The World

It should be recalled that the first conference to consider the protection of inventors on an international basis met in Vienna in 1873. The Austrian-Hungarian Government arranged for an international exposition and the inventors in some countries, in particular, the U.S., feared that their inventions would be inadequately protected under Austrian law. The U.S. took the lead in pressing Austria to protect more adequately inventions exhibited at the exposition and, moreover, to revise the patent laws to give more complete protection to foreign patentees in general. This led to the adoption of a special Austrian law, which secured temporary protection to all foreigners participating in the exhibition for their inventions, industrial designs and trademarks.

The International Congress on Industrial Property, Paris 1878

As a follow up to the Vienna Congress, an International Congress on Industrial Property was convened at Paris in 1878. Five years later, in 1883, the Paris Convention for the Protection of Industrial Property was signed by eleven nations.¹¹⁶ Consequently, the Paris Convention was the result of the first

¹¹⁶ Belgium, Brazil, El Salvador, France, Guatemala, Italy, the Netherlands, Portugal, Serbia, Spain and Switzerland.

international effort to standardize and simplify the protection of intellectual property rights in several states.¹¹⁷ When it came into effect in 1884, another three countries adhered as well, bringing the initial number of Member Countries to fourteen.¹¹⁸ Earlier, it had been difficult to obtain protection for industrial property rights in the various countries of the world because of the diversity of their laws.¹¹⁹ The Paris Convention has been subsequently amended several times.¹²⁰ A great majority of States is now party to the latest Act, signed in Stockholm 1967. The Paris Convention has the greatest number of Member States (160) of any treaty dealing with intellectual property rights, and it is administered by WIPO. The countries to which this Convention applies constitute a Union for the protection of industrial property.

The Paris Convention is premised on the fundamental principle that Member States are not allowed to discriminate between their nationals and nationals of other Member States.¹²¹ Thus, nationals of Member States enjoy the same rights, advantages, and protection as nationals in every other Member State of the Paris Convention. One important innovation of the Paris Convention is the right of priority. Once a trademark application has been filed in a Member State, the applicant has a period of six months in which to file corresponding applications in other Member States without losing any rights.¹²² In effect, the subsequent filings are given a priority date as of the first filing, and the arrangement serves to protect the applicant against third parties after the first filing but before subsequent convention filings.

Trademark law is in principle a clearly defined subject. It can be assumed that the use or registration of an identical or confusingly similar trademark for the same or similar products is prohibited, since as a rule, protected trademarks are entered in a central register. Thus, as mentioned in the introduction, the cornerstones of trademark protection are the act of registration and the fundamental principle of trademark protection within the scope of similarity (principle of specialty). These cornerstones serve to maintain legal certainty. But, there is never a rule without one or more exceptions. Situations can arise when the strict application of these principles does not lead to satisfactory results: in connection with the international protection of *non-registered trademarks* and with the protection of marks as regards their use for *dissimilar (non-similar) products*. During the first years of modern trademark law, the issue of the relationship between registered and non-registered trademarks was a hard one to crack for legislators and courts.¹²³

¹¹⁷ WIPO, *“Intellectual Property Reading Material,”* 2nd edition, 1998, p. 233.

¹¹⁸ Great Britain, Tunis and Ecuador.

¹¹⁹ In order to avoid publication in one country destroying the novelty of the invention in the other countries, patent applications had for example to be made roughly at the same time in all countries.

¹²⁰ In 1900 and 1911.

¹²¹ Art. 2, Paris Convention for the Protection of Industrial Property.

¹²² Id. Art. 4B, C(1).

¹²³ “Well-Known Marks, Highly Renowned Marks and Marks Having a (High) Reputation-What’s It All About?” by Annette Kur, IIC Vol. 23, No. 2/1992, p. 218.

4.2.2 Art. 6bis of the Paris Convention

Four features of the protection provided for in Art. 6bis may be noted:

- The protection accorded to well-known marks is a protection against the *registration and use* of a trademark that constitutes a reproduction, imitation or translation, liable to create confusion of a well-known mark or an essential part of such a mark. If someone registers or uses a well-known mark without authorization, clear standards of infringement and legal sanction are provided for in the article.
- The protection in Art. 6bis extends only to trademarks, that is, marks that are used in respect of goods, and does not extend to service marks which are used in respect of services.
- The protection extends to registration or use in respect of identical or similar goods. This feature is usually known as the principle of specialty, a principle of trademark law under which protection for a trademark extends only to the same or similar goods as are covered by the registration or use of the trademark.
- Art. 6bis is silent on what constitutes a well-known mark. The appreciation of whether a mark is well-known is left to the “competent authority” of the country where the illegitimate registration or use occurs.

Under Art. 6bis, the Paris Convention confers protection for “well-known” marks, whether registered or not. This provision requires States to either refuse to register, cancel the registration, or to prohibit the use of a mark for similar or identical goods, that is likely to create confusion of a mark considered by the competent authority of the country of registration and use. In other words, Art. 6bis entitles a national of a Member of the Paris Union to protection against exploitation of the well-known mark on identical or similar goods.

In practice, Coca-Cola can bring an action against the use or registration of a trademark in a State party to the Paris Convention as long as the “Coke” trademark is well-known in that State, and even if the “Coke” trademark had not been registered in their country. Coca-Cola cannot, however, bring the action under Art. 6bis if the trademark is used on, or registered for, coffee machines.

McDonald’s Corporation v. Joburgers Drive-Inn Restaurant¹²⁴

¹²⁴ Case No. 547/95, Supreme Court of South Africa, 1996.

As shown in the South African case *McDonald's Corporation v. Joburgers Drive-Inn Restaurant (PTY)*, McDonald's had registered its trade marks in South Africa many years ago but had not used them here. Joburgers, a drive-inn, was using the McDonald's, Big Mac and "golden arches" trade marks and in 1993 Joburgers applied to expunge McDonald's trade marks from the register of trade marks by virtue of the non-use. McDonald's, responding to statements that they intended to use its trade marks, applied to court for an interdict to restrain Joburgers from infringing its trade marks.¹²⁵

McDonald's brought an application against Joburgers under Sec. 35 of the new South African Trademark Act. Paragraph (3) provides:

"The proprietor of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark is entitled to restrain the use in the Republic of a trade mark which constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of the well-known trade mark in relation to goods or services which are identical or similar to the goods or services in respect of which the trade mark is well known and where the use is likely to cause deception or confusion."

McDonald's claimed that 52 of its trade marks were well-known marks in terms of the section, and sought an order that Joburgers be interdicted and restrained from imitating, reproducing or transmitting those marks in the Republic of South Africa. The Appellate Division held that it was the intention of the Act to provide a solution to the problem of how to protect foreign trade mark owners whose trade marks are known in South Africa but who do not have businesses there. If protection were granted only to trade marks which are known to every segment of the population there would be very few marks which could pass the test. It was therefore held that for the purposes of the Act, a trade mark is "well known" in South Africa if it is well known to persons interested in the goods or services to which the trade mark relates.

The court then faced the difficulty of determining how well-known the trade mark should be to such persons. Drawing an analogy from the existing law regarding passing off, it was held that the degree of knowledge of the trade marks must be that of a substantial number of persons. The court admitted evidence of market surveys which showed that a substantial portion of persons who would be interested in the goods or services provided by McDonald's know its name which also happens to be its principal trade mark. It was accordingly held that McDonald's trade marks were well-known for the purposes of the Act and an interdict was granted against Joburgers.

¹²⁵ In 1995, the Trade Marks Act 1993 came into force in South Africa which, amongst other things, gave protection to well known trade marks originating from certain foreign countries.

There may be a trend toward protecting well-known marks that have established a reputation in the jurisdiction, regardless of use, a fact that is open to discussion, indeed. This case held that a mark could be well-known merely through reputation, without use in the jurisdiction. Possibly, this interpretation reflects the intention of the original authors of the Paris Convention.

To sum up, Art. 6*bis* provides for the owner, provided the mark is well-known but not registered, protection against later registrations of the same mark by others. The utilization or registration of a mark, which could be confused with a well-known trademark, must be forbidden by the authorities of the relevant member country - either by an application or ex officio (by official order), even if the well-known trademark has not been entered into the register of that country. In other words, article 6*bis* still serves as a basis for possible *universal application*.¹²⁶

According to Frederick W. Mostert, Article 6*bis* is intended to cover “classic reputation-without-use scenarios.”¹²⁷ In the WIPO Memorandum on Well-Known Marks¹²⁸ and the Report of WIPO’s Committee of Experts on Well-Known Marks,¹²⁹ (see more in chapter 4.5) there was a strong opinion to support the position that a well-known mark need not actually have been used in the jurisdiction in which protection is sought. Protection is to be granted on the basis that the particular mark has acquired a sufficient reputation in that jurisdiction.

Even though this breakthrough was very important at the time, Art. 6*bis* is today of only minor significance. According to Annette Kur, it can, in principle, be stated that the possibility of granting trademark protection for non-registered marks today is an integrated element of international trademark law and of most national legal systems.¹³⁰ On the other hand, the recognition and protection of well-known marks may still differ from country to country - a fact that of course makes it more difficult for the trademark owners to protect their well-known marks around the world.

4.2.3 Enforcement: Protection of Well-Known Marks through Customs under the Paris Convention¹³¹

The authority of Customs to detain, seize, or destroy counterfeit or infringing goods usually derives from both international and national law. Art. 9(1) indicates all goods to be seized on importation, if they unlawfully bear a trademark or trade

¹²⁶ WIPO, “*Intellectual Property Reading Material*,” 2nd edition, 1998, p. 244.

¹²⁷ Frederick W. Mostert, *Id.*, X preface.

¹²⁸ Second Session, Section I, note 14, *supra*, at 3, note 7, *supra*, at 9.

¹²⁹ Section I, note 14, *supra*, para. 75 at 16 and para. 80 at 17.

¹³⁰ Annette Kur, *Id.*, p. 219.

¹³¹ Frederick W. Mostert, *Id.*, pp. 78-79.

name, into those countries of the Union where such mark or trade name is entitled to legal protection.

However, the provisions of Art. 9 are not mandatory. Countries which do not permit “prohibition of importation” or “seizure on importation” may replace these measures by remedies under their national law.¹³²

Art. 10 extends the application of Art. 9, and legal protection is provided also to cases of direct or indirect use of a false indication of:

- The source of the goods; or
- The identity of the producer, manufacturer, or merchant.

The Paris Convention is, as mentioned above, silent on what constitutes a well-known mark. As will be discussed below, the TRIPS Agreement extends Art. 6*bis*. As a result of the TRIPS Agreement, which entered into force in 1995, not only well-known marks for goods are protected - also service marks such as *Burger King* or *Pizza Hut* are protected. Another novelty, as far as well-known marks are concerned, is the determination of whether a trademark is well-known and the facts that shall be considered in that decision.

4.3 Protection of Well-Known Marks under the TRIPS Agreement

4.3.1 From goods to Services

As reflected in the TRIPS Agreement and described above, the pressures of global trade have made vigorous implementation of the well-known marks rule a high priority in almost every State. To this end, we find some signposts, which can help us in clarifying the criteria for a well-known mark. The provisions of Art. 6*bis* of the Paris Convention are confirmed and extended by the TRIPS Agreement. Paras. 2 and 3 of article 16 contain the following provisions:

2. Art. 6*bis* of the Paris Convention shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member State concerned which has been obtained as a result of the promotion of the trademark.¹³³

¹³² Art. 9(6) of the Paris Convention.

¹³³ Service marks must be protectable by registration under TRIPS, Art. 15(1). Service mark registration is not required under the Paris Convention, Art. 6*bis*.

3. Art. 6bis of the Paris Convention shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered mark are likely to be damaged by such use.

4.3.2 Art. 16(2) and 16(3)

Three features of Art. 16(2) and 16(3) of the TRIPS Agreement may be noted:

First, Art. 16(2) provides a non-exhaustive guide to the competent authorities of countries in appreciating whether a mark is well-known. In this respect it provides that, in “determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.” In other words, you can see if a mark is well-known by reference to the relevant universe of people in the marketplace who are exposed to the mark through advertising. One example is the *Benetton* case¹³⁴ in Colombia, where the Council of State considered the *Benetton* mark to be well-known because the group of consumers had knowledge of the existence of the trademark, its origin or source and the products it protects even though the mark had not been used in the local jurisdiction. This is a kind of international “spillover advertising,” which extends the geographical scope of well-known mark’s reputation. According to the *Benetton* case, advertising may expand the reputation of a well-known mark far beyond the specific goods or services in relation to which it is used.

Second, Art. 16(3) extends the protection of Art. 6bis of the Paris Convention to well-known service marks.

Third, the protection of Art. 16(3) extend to marks being used on goods or services which are not similar to those to which the well-known mark is registered, provided that the use of the mark would indicate a connection in the course of trade with the owner of the well-known mark and provided that such use would damage his/her interests.

As far as well-known trademarks are concerned, Art. 16(2) and 16(3) have definitely influenced the drafting of bilateral, sub-regional and regional agreements, where issues on the protection of well-known trademarks have been included. Many countries have already taken into account several provisions of the TRIPS Agreement and moreover, bilateral or regional agreements on the protection of

¹³⁴ *Benetton* case (Council of State, Colombia, 4 May 1995).

intellectual property have already frequently incorporated the TRIPS provisions or substantial elements of them.¹³⁵ According to Dr. Horacio Rangel-Ortiz,¹³⁶ the international community and owners of well-known trademarks should be satisfied with the results, but he was right in admitting that there was still much to be said in the field of well-known trademarks after TRIPS.

To sum up, the scope of protection afforded by the Paris Convention and the TRIPS Agreement is broad. The TRIPS Agreement establishes where to seek evidence of a well-known status, but what does it mean to have a well-known mark? “Well-known” is neither defined in TRIPS, nor in the Paris Convention. Still it is not known what factors are to be considered in the determination of when a mark qualifies as well-known. There is no guidance regarding what that “relevant sector” of the public is.¹³⁷ Furthermore, TRIPS does not provide any guidance for determining when there is a connection between goods or services of the owner of the well-known mark and the party with a similar mark. Whether or not survey evidence can be used to establish that a mark is well-known remains unclear as well.

It is to be noted that not every UN Member is a party to the Paris Convention; 140 Members of WTO¹³⁸ are party to the TRIPS Agreement; and 26 countries¹³⁹ have ratified the Trademark Law Treaty. Moreover, nothing in these agreements, either individually or collectively, extends protection to a mark in a country where it is not well-known, which is a shortcoming indeed.

4.4 The Trademark Law Treaty (TLT)¹⁴⁰

The TLT was adopted on October 27, 1994, in Geneva and came into force August 1, 1996. To begin with, the purpose with the TLT is to simplify the registration and application process, which greatly reduce costs and legal uncertainties of the process. TLT does not mention well-known marks in particular. Art. 2(1)(a) confers protection for marks relating to goods (trademarks) or services (service marks) or both goods and services. Arts. 15 and 16 provide that any Contracting Party shall comply with the provisions of the Paris Convention which concern marks as well as registered service marks and

¹³⁵ “Well-Known Trademarks Under International Treaties,” by Horatio Rangel-Ortiz, Trademark World, Issue 95, March 1997, p. 31.

¹³⁶ Partner of Uhthoff, Gomez Vega & Uhthoff and President Elect of the International Association for the Advancement of teaching and Research in Intellectual Property (ATRIP).

¹³⁷ TRIPS, Art. 16(2).

¹³⁸ As of November 30, 2000.

¹³⁹ As of April 15, 2001.

¹⁴⁰ WIPO, “Intellectual Property Reading Material,” 2nd edition, 1998, pp. 288-292.

apply to such marks the provisions of the Paris Convention which concern trademarks.

As of October 27, 1995, 51 States had signed the TLT. Generally, the signature of a treaty does not entail its coming into force in a given country: the treaty must be ratified, and local legislation enacted or adapted to take it into account. The TLT was as of April 15, 2001 ratified by 26 countries and is therefore in force with respect to those states.

4.4.1 Earlier Draft of the TLT¹⁴¹

An earlier draft of the TLT discussed substantive protections for well-known marks. Specifically, the draft would have extended Paris Convention protections to cover confusingly similar goods or services. It would also have protected “exceptionally well-known marks” against use on dissimilar goods or services, even if this use would cause no public confusion.

Unfortunately, the provisions below never became a part of the current TLT. It does indicate, however, the global trend towards enhanced protection of well-known marks.

Art. 103(2) - Conflicts with Well-Known and Exceptionally Well-Known Marks: Registration of the sign that is the subject of the application shall be refused:

- if the sign is identical or confusingly similar to a well-known mark of another enterprise and registration of the sign is sought in respect of the same goods or services as those for which the well-known mark is known in the territory of the Contracting Party, or in respect of other goods or services in connection with which the sign under examination would be likely, in view of the notoriety of the well-known mark, to mislead the public; or

- If the sign is identical or confusingly similar to an exceptionally well-known mark of another enterprise, regardless of the goods or services for which registration of the sign is sought.

However, it remains to be seen if the WIPO Joint Recommendation, as described in the next chapter, will develop to a binding treaty instead of a non-binding document.

4.5 The WIPO Joint Recommendation

¹⁴¹ “*Special Report of Well-Known Marks*” by Mary M. Squyres, Law Journal Extra!, May/June 1997.

Concerning Provisions on the Protection of Well-Known Marks

4.5.1 Introduction

The importance of the protection of well-known marks has increased significantly. The appropriation of attractive foreign trademarks has become a problem around the world in the age of globalization. Due to radical political changes, there is considerable potential for conflict, in particular in countries where market economy structures are beginning to be developed. It is in these situations when international trademark law regulations become the most efficient legal basis for combating such practices.¹⁴²

In this sense, all trademark holders have a direct interest in the global application of the protection of well-known marks. Therefore, international legal instruments such as conventions and treaties, are efficient means to reach the goal for adequate protection of well-known marks. However, this goal can only be achieved with credibility if compliance with these rules is fully guaranteed within the legal system of each country.

A Need for Clarity and Extension of the Scope of Protection

Responding to the need for clarity and clearer guidelines to improve the scope of protection for well-known marks, WIPO convened a meeting of the “Committee of Experts on Well-Known Marks” in Geneva 1995.¹⁴³ Two further meetings took place in 1996¹⁴⁴ and 1997¹⁴⁵ before the work was taken over by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (WIPO SCT).¹⁴⁶ The Provisions on Well-Known Marks were one of the main agenda items at First Session in July 1998,¹⁴⁷ and at Second Session, First and Second Part in March and June, 1999.¹⁴⁸ Represented at this and subsequent meetings were the Member States of WIPO and/or the Paris Union for the Protection of Industrial Property, the European Community

¹⁴² “*The WIPO Recommendations for the Protection of Well-Known Marks*,” by Annette Kur, pp. 824-825.

¹⁴³ WKM/CE/I/2 and 3.

¹⁴⁴ WKM/CE/II/2 and 3.

¹⁴⁵ WKM/CE/III/2 and 3.

¹⁴⁶ On the SCT-meetings, State Members of WIPO and/or the Paris Union for the Protection of Industrial Property, the European Communities (EC), intergovernmental organizations (and representatives of NGO’s) were represented.

¹⁴⁷ SCT/1/3 and 6.

¹⁴⁸ SCT/2/3 and 5 (Second Session, First Part), SCT/2/8 (Second Session, Second Part).

(E.C.), some intergovernmental organizations,¹⁴⁹ and representatives from international non-governmental organizations.¹⁵⁰

Guidelines

The purpose of the provisions for well-known marks is to provide guidelines only – they do not constitute a legally binding treaty. There are advantages of choosing such flexible approach, that is “soft law” rather than “hard law,” towards the harmonization of industrial property rules and principles. These include:

- Avoidance of a long ratification and accession process;
- An agreement can possibly be signed by an industrial property office or other government agency if it is a question of implementing regulations and does not concern the law itself;
- Agreed principles are easier to replace or modify as they do not require a diplomatic conference; and
- The “soft law” is not legally binding and therefore it does not create legal obligations for States.¹⁵¹ However, the level of protection achieved by Art. 6bis of the Paris Convention and Art. 16(2) and (3) of TRIPS are clearly exceeded.¹⁵²

It has to be pointed out that, if the Member States opt for a treaty in this field at a later stage, the “soft law” approach will not be an obstacle to start drafting a treaty. The process can start with the adoption of a resolution by the WIPO Assemblies which can later decide to convene a diplomatic conference in order to reformulate the provisions as a matter of treaty law.

4.5.2 The Drafting Process

First Session - Geneva, July 13-17, 1998

¹⁴⁹ The World Health Organization (WHO), the World Trade Organization (WTO), the Benelux Trademark Office (BBM) and the International Vine and Wine Office (OIV).

¹⁵⁰ American Intellectual Property Organization (AIPLA), Asian Patent Attorneys Association (APAA), Association Francaise des Praticiens du Droit des Marques et des Modèles (APRAM), Centre for International Industrial Property Studies (CEIPI), European Brands Association (AIM), European Communities Trade Mark Association (ECTA), International Association for the Protection of Industrial Property (AIPPI), International Chamber of Commerce (ICC), International Federation of Industrial Property Attorneys (FICPI), International League of Competition Law (LIDC), International Trademark Association (INTA), Japan Intellectual Property Organization (JIPA), Japan Patent Attorneys Association (JPAA), Japan Trademark Association (JTA), Union of European Practitioners in Industrial Property (UEPIP) and Union of Industrial and Employers’ Confederations of Europe (UNICE).

¹⁵¹ “*Protection of Well-Known Marks*,” by Denis Croze, Trademark Law Section, Industrial Property Law Division, WIPO, Journal of Intellectual Property Rights Vol 5 May 2000 p. 145.

¹⁵² Annette Kur, *Id.*, p. 827.

The purpose of the First Session¹⁵³ was, among other Items, to find what criteria should be applied to define what a well-known mark is and how to make its protection more effective in the world in order to combat piracy.¹⁵⁴ The Delegation of the Republic of Korea proposed that protection of well-known marks in foreign territories should not require registration or use in cases where there was an unfair intention to obstruct the market entry of the true well-known mark holder, or to dilute the distinctive character of the well-known mark in an unfair manner. In other cases, well-known marks should only be protected when the mark had become well-known through promotion in respect of the given territory.

The representative of the International Trademark Association (INTA) stated his belief that the protection of the global trading system through the prevention of piracy and unfair competition of well-known marks was of great significance to contemporary commerce. In cases where there was a substantial similarity between the well-known mark and the infringing mark, he emphasized the importance of the element of bad faith, and believed that the burden of proof and a presumption of bad faith should be placed on the defendant who was in the best position to justify the similarity between his/her mark and the well-known mark.

Second Session, First Part - Geneva, March 15-17, 1999

At the Second Session, First Part, the Joint Resolution and Arts. 1 to 5 of the Draft Provisions were adopted by the SCT.¹⁵⁵

Second Session, Second Part - Geneva, June 7-11, 1999

At the Second Session, Second Part, the SCT agreed that it would take a final decision and adopt Art. 6 (conflicting domain names).¹⁵⁶ Finally, on the basis of SCT's recommendation September 20 to 29, 1999, the Paris Union Assembly and the General Assembly of WIPO adopted the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks at a joint session of the Assembly of the Paris Union for the Protection of Industrial Property and

¹⁵³ Geneva, July 13-17, 1998. SCT/1/3 and 6.

¹⁵⁴ The Delegation of the Republic of Korea emphasized the importance for its country of international investment and, in this context, expressed its hopes for the expeditious completion of the work on the draft Provisions for the Protection of Well-Known Marks.

¹⁵⁵ Geneva, March 15-17, 1999. SCT/2/3 and 5.

¹⁵⁶ Geneva, June 7-11, 1999. SCT/2/8.

the General Assembly of WIPO at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO.¹⁵⁷

4.5.3 The Joint Recommendation (The WIPO Provisions)

The Joint Recommendation is the first implementation of WIPO's policy to adapt to the pace of change in the industrial property rights field by considering new options for accelerating the development of internationally harmonized common principles of well-known marks. Overall, the WIPO project on the protection of well-known marks is an example of how the private sector is exercising an increasing influence on the development of international law; Private interests were the driving forces behind the entire project.¹⁵⁸ As mentioned above, it was believed that such a Joint Recommendation would have more impact in the future than trying to adopt a new treaty at a diplomatic conference which would take many years to enter into force after ratification by the necessary number of countries.¹⁵⁹

The Joint Recommendation is intended to clarify, consolidate and supplement the existing international minimum standards concerning the protection of well-known marks as established in Art. 6bis of the Paris Convention and Art. 16(2) and 16(3) of the TRIPS-Agreement, since those articles have been open to interpretation. The Joint Recommendation is designed to serve as a set of guidelines for regional or national legislation in the industrial property rights field as well as for administrative or judicial authorities when facing a specific problem relating to the protection of well-known marks. In other words, it establishes specific criteria for the definition of well-known marks and sets out conditions to determine whether a mark is well-known or not in a Member State. Consequently, the Recommendation improves the protection of well-known marks against dilution.

Guidelines belong to the soft-law. Therefore the Joint Recommendation is non-binding and cannot be legally enforced. As indicated below, the purpose of guidelines is to assist and encourage the legal competent authorities of the Member States to implement the same or similar provisions to their own trademark laws. By doing this, there will hopefully be a higher level of consistency among the Member States when they deal with well-known marks cases.

¹⁵⁷ Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, WIPO, 2000.

¹⁵⁸ Annette Kur, *Id.*, pp. 840-841.

¹⁵⁹ "Improving the Protection of Well-Known Marks: Introduction to the New WIPO Provisions," by Gerd Kunze, *Trademark World*, August 1999.

With the adoption of the WIPO Provisions, the academic discussion on the differences between well-known marks in the restrictive sense of Art. 6*bis* Paris Convention, so called famous marks or marks of high renown,¹⁶⁰ belong to the past. Instead, the only term to be used, according to the WIPO Provisions is “Well-Known Marks.” For a mark to be protected against dilution at the regional level, in the European Union, it is sufficient that the trademark enjoys a reputation (see chapter 5).

The Joint Recommendation also includes detailed remedies in case of conflicts between well-known marks and other marks, business identifiers and domain names. As to the latter, the Recommendation contains the first international governmental normative standard dealing with domain names (see below).

The Joint Recommendation consists of two parts and six articles. Part I establish the determination of Well-Known Marks and Part II gives the Scope of Protection. Arts. 1-4 deal with conflicting marks. Arts 5-6 grant the owners of well-known marks protection against conflicting business identifiers and domain names. Arts. 2-6 will be discussed more detailed. It should be mentioned that the comments and explanations that are made after the presentation of the separate provisions are mainly built on notes by the International Bureau of WIPO.

PART I: Factors for determining whether a Mark is a Well-Known Mark in a Member State

The list of factors for consideration by the competent authorities when determining whether a mark is well-known in a Member State constitutes a major innovation of the WIPO provisions.¹⁶¹ The classical concept of a mark being well-known is primarily reflected in the first criterion, which is based on the degree of recognition in the country of protection. In contrast, for the subsequent criteria, it is the recognition of the mark on a global scale that plays a role. The term “geographical area” in this context refers less to the use in the country of protection than to the global distribution of the mark. This approach abandons the ground of the traditional interpretation of Art. 6*bis*. It is true that the global recognition of a mark can be an important indication that it is also well-known in the country of protection. However, the listing of national and international recognition as being of equivalent status in Art. 2(1) indicates that the international recognition is to be given an independent significance that goes beyond this effect as circumstantial evidence.¹⁶²

¹⁶⁰ And other proposed denominations.

¹⁶¹ Denis Croze, *Id.*, p. 140.

¹⁶² Annette Kur, *Id.*, p. 828.

The provision does not aim at establishing a precise definition of a well-known mark. Long discussions in the committees had shown that it is impossible to agree upon such a definition.¹⁶³ The factors for consideration only constitute guidelines. The determination in each case will depend upon the circumstances of that case. In some cases, all of the factors may be relevant and in other cases some of the factors may be relevant.¹⁶⁴

When the competent authority¹⁶⁵ has to deal with a case where there are certain doubts whether a mark is well-known or not (and therefore whether it should be given special protection or not), Art. 2(1)(a) requires the authority to take any circumstances that are put forward into consideration in order to show that a mark is well-known or not. It is the trademark owner who must produce information that may support his/her claim of the fact that his/her mark is well-known.

Art. 2(1)(b) consists of a non-exhaustive list of criteria which, if submitted by the owner of a trademark, shall be considered by the competent authority. It has to be emphasized that the non-fulfillment of any particular criteria cannot in itself lead to the conclusion that a given mark is not well-known and the authority is not limited to the criteria given in the paragraph.¹⁶⁶ Para. 1(c) makes it clear that the criteria in subpara. (b) do not constitute an exhaustive list, and that compliance or non-compliance with any of those factors are not decisive as to whether a mark is well-known or not.¹⁶⁷

Art. 2(1)(b) p.1, the degree of knowledge or recognition of a mark in a country where protection is sought can, according to the International Bureau of WIPO, be determined through opinion polls and consumer surveys, but there are no certain standards for methods to be used or quantitative results to be obtained.¹⁶⁸ It is a quantitative approach, and it is necessary to define the relevant sector of the public to which the mark has to be well-known.¹⁶⁹ In order to apply this approach, account must be taken of the nature of the goods or services to which the mark applies.¹⁷⁰¹⁷¹

¹⁶³ SCT/2/3, p. 10.

¹⁶⁴ Art. 2(1)(c).

¹⁶⁵ An administrative, judicial or quasi-judicial authority of a Member State which is competent for determining whether a mark is a well-known mark, or for enforcing its protection. The legal nature of the competent authority depends on the national system of a given Member State. The definition was broadly drafted by the SCT.

¹⁶⁶ Art. 2(1)(c).

¹⁶⁷ Notes on Art. 2, 2.10, by the International Bureau of WIPO.

¹⁶⁸ *Id.*, 2, 2.3.

¹⁶⁹ See the same approach in Art. 16(2), the TRIPS Agreement.

¹⁷⁰ For example, the relevant sector of a mark for computers and software is different from the relevant sector of a mark for articles of daily use such as shampoo or washing powder.

¹⁷¹ Denis Croze, *Id.*, p. 141.

Highly relevant indicators as to the determination whether a mark is well-known by the relevant sector of the public are the duration, extent and geographical area¹⁷² of any

- 1) Use¹⁷³ of the mark;¹⁷⁴
- 2) Promotion¹⁷⁵ 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;¹⁷⁶
 - The duration and geographical area of any registrations, and/or applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;¹⁷⁷
 - The record of successful enforcement of rights in the mark, in particular the extent to which the mark was recognized as well as known by competent authorities;¹⁷⁸
 - The value associated with the mark.¹⁷⁹

The value may be an indicator as to whether or not a mark is well-known. This is a qualitative approach where the value is associated with the mark (goodwill). There are different methods for trademark evaluation. According to the International Bureau of WIPO, this criterion does not suggest the use of any particular method for the evaluation.¹⁸⁰

Relevant Sector of the Public

Art. 2(2) lists three possible sectors of the public of a Member State that could be considered relevant for making the determination. Relevant sectors may be actual or potential consumers, and persons involved in distribution-channels or

¹⁷² Notes on Article 2, 2.4.

¹⁷³ The term “use” is not defined in the provisions. However, the term “use” should cover use of a mark on the Internet (*Id.*, 2.5).

¹⁷⁴ Art. 2(1)(b) p. 2.

¹⁷⁵ Any publicity such as advertising in print or electronic media, and exhibitions. The reason why promotion of a mark is a separate criterion for determining whether a mark is well known is done to avoid discussions as to whether or not promotion can be considered as use of a mark, (*Id.*, 2, 2.4).

¹⁷⁶ Art. 2(1)(b) p. 3.

¹⁷⁷ Art. 2 p. 4. Since in many cases a mark is owned in different countries by different companies, it should not be required that those registrations are in the name of the same person, (*Id.*, 2, 2.7).

¹⁷⁸ Art. 2 p. 5. Due to the principle of territoriality, well-known marks are enforced on a national basis. Evidence of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well-known by courts or other competent authorities, even in neighboring countries, may serve as an indicator as to whether a mark is well-known in a particular State, (*Id.*, 2, 2.8).

¹⁷⁹ Art. 2 p. 6.

¹⁸⁰ Notes on Art. 2, 2.9.

business circles¹⁸¹ dealing with the type of goods/services to which the mark applies.¹⁸² The expression “consumer” should be widely construed and it should not be restricted to those persons who actually and physically consume the product.¹⁸³

Art. 2(2)(b) establishes that where a mark is determined to be well-known in at least one relevant sector of the public in a Member State, the mark shall be considered to be a well-known mark. Member States must protect marks that are well-known in at least one relevant sector of their public.¹⁸⁴ The effects of this provision will be particularly perceptible in countries where trade contacts with foreign companies are handled by a small number of enterprises. Even the knowledge of a few persons can be sufficient to determine that the mark is well-known.¹⁸⁵

Art. 2(2)(c) offers an optional basis for Member States to protect marks that are merely known by a relevant sector of the public.¹⁸⁶ Para. 2(d) sets a minimum standard of protection, and Member States are free to afford protection to marks that are well-known only outside the State in which protection is sought.¹⁸⁷

This makes it crystal clear that it cannot be required that a mark be well-known by the public at large. An extensive definition of the sector of the public which should have knowledge of the mark would not further the purpose of international protection of well-known marks.¹⁸⁸ In case of dilution, there are possible exceptions to this principle (see the discussion of Art. 4 below). The reason for the broad wording of Art. 2(2) is *inter alia* the fact that in countries with a high population density and divided markets with a relatively small group of consumers are directly in contact with foreign branded goods, it is normally regarded as almost impossible to provide evidence of the degree of recognition amongst the general public that was previously required in places.

Factors not to be considered

¹⁸¹ For example importers, licensees, franchisees or wholesalers. The list is only illustrative and not exhaustive, (*Id.*, 2, 2.11).

¹⁸² Art. 2(2)(i), (ii) and (iii), (*Id.*, 2.13-14).

¹⁸³ Reference can be made to the term “consumer protection” which covers all parts of the consuming public, (*Id.*, 2.12).

¹⁸⁴ *Id.*, 2.15.

¹⁸⁵ Annette Kur, *Id.*, p. 831.

¹⁸⁶ *Id.*, 2.16.

¹⁸⁷ *Id.*, 2.17.

¹⁸⁸ I.e., to prohibit use or registration of such marks by unauthorized parties with the intention of either passing off their goods or services as those of the real owner of the mark, or selling the right to the owner of the well-known mark.

Member States are however not totally free to establish factors since the WIPO provisions stipulate three factors in para. 2(3)(a) which under no circumstances can be required by Member States as a precondition for determining whether a mark is well-known, and therefore be entitled to protection:¹⁸⁹

- That the mark is used, registered or filed in the respective Member State;¹⁹⁰
- That the mark is well-known or registered in any other Member State; and¹⁹¹
- That the mark is well-known by the public at large.¹⁹²

These factors merely represent an accentuation and clarification of the principles that follow from Art. 16(2) of the TRIPS Agreement. This means that extended protection, i.e., protection against use for dissimilar goods, may not be subject to the existence of a registration. This regulation goes beyond the level of Art. 16(3) of TRIPS, which provides such protection, but only subject to the registration of the well-known mark in the country in which protection is sought.

When it comes to Art. 6*bis* of the Paris Convention, as earlier stated, it is only applicable to identical and similar goods, but not to dissimilar goods or services. The registration principle is represented in many legal systems, especially the legal systems of Continental European Law- or civil law countries,¹⁹³ a fact that of course means a source of income for the competent authority.¹⁹⁴ Actually, apart from the fiscal argument, there are hardly any objective reasons for a general obligation to register. If there is a serious intention to use the mark - then the registration makes sense. In that case, it is in the interest both for the holder of the well-known mark and the competent authorities of the country of protection. Otherwise, if no serious use by the rightholder has taken place, the mark would in any event be cancelled.¹⁹⁵ The complete abandonment of the registration principle may be the reason why certain countries have not any enthusiasm of the Joint Recommendation.¹⁹⁶

Member States which do not require that the mark should be well-known in their own territory, can of course require the mark to be well-known in other jurisdictions.¹⁹⁷ In other words, if it is possible to protect a mark in a Member State on the ground that it is well-known outside its jurisdiction, this paragraph permits a Member State to request evidence to prove this fact.¹⁹⁸

¹⁸⁹ *Id.*, 2.18.

¹⁹⁰ Art. 2(3)(i).

¹⁹¹ Art. 2(3)(ii).

¹⁹² Art. 2(3)(iii).

¹⁹³ "Protection of Well-Known, Unregistered Marks in Europe and the United States," by Horst-Peter Götting, IIC, Vol. 31, No. 4/2000, p. 389.

¹⁹⁴ Its counterpart is the common Law countries.

¹⁹⁵ Annette Kur, *Id.*, p. 833.

¹⁹⁶ Reservation against this provision were made by Uruguay (SCT/2/5 p. 47). Canada on the contrary was happy with the non-compulsory registration system (SCT/2/5 p. 46).

¹⁹⁷ Art. 2(3)(b).

¹⁹⁸ Notes on Article 2, 2.19.

PART II: Scope of Protection of Well-Known Marks

Art. 3 – Minimum Standards

Art. 3 is rather short and provides in paragraph 1 as a minimum standard that Member States shall protect a well-known mark against conflicting marks, business identifiers and domain names, at least from the time when the mark has become well-known in the Member State.¹⁹⁹ This means that there is no obligation for a Member State to protect an internationally known mark if that mark is not well-known in that State, or the mark is known but not well-known.²⁰⁰

Art. 3 is not applicable to conflicts between well-known marks and geographical indications or appellations of origin.²⁰¹

It is important, however, that in para. 2, bad faith is expressly mentioned as one factor which should be considered by the competent authority when balancing the interests of the parties involved in cases concerning the enforcement of well-known marks. Cases that concern the protection of a well-known mark very often envelope an element of bad faith.²⁰² The Paris Convention and the TRIPS Agreement are silent on that matter.

Art. 4 - Conflicting Marks

Art. 4 is the cornerstone of the provisions and restates existing protection under the Paris Convention and the TRIPS Agreement. Para. (1)(a) defines the conditions under which a mark is in conflict with a well-known mark in respect of identical or similar goods and/or services.²⁰³ Relief is to be afforded if the mark constitutes a reproduction, translation, an imitation or a transliteration of the well-known mark. The use of the word “transliteration” shows the global nature of the protection and differs to the common use of the Latin alphabet at the time of the Paris Convention. There may be conflicts between marks written in different alphabets. Therefore, a transliteration of a well-known mark should also be

¹⁹⁹ In this context, the word “at least” should be so construed that protection may be granted before a mark has become well-known, (notes on Article 3, 3.1).

²⁰⁰ *Id.*, 3.2.

²⁰¹ *Id.*, 3.1.

²⁰² *Id.*, 3.3.

²⁰³ Notes on Art. 4, 4.1.

considered to be an infringement.²⁰⁴ This applies above all to the languages of eastern Asia.²⁰⁵

Para. (1)(b) goes beyond the traditional concept of Art. 6*bis* of the Paris Convention, as well as beyond the protection against the use of a conflicting mark for non-similar goods or services, as contained in Art. 16 of the TRIPS Agreement.²⁰⁶ The paragraph is applicable “irrespective of the nature of the goods and/or services to which the conflicting mark is used, is subject to an application for registration is registered.” This wording aims to avoid uncertainties whether the protection of well-known marks vis-à-vis similar goods is restricted to cases of a likelihood of confusion, exploitation and impairment of reputation or dilution. The wording of Art. 4(1)(b) clearly shows a protection against dilution for the well-known mark (see below)). The remedies provided for in paras. (3) to (6) are only available in such cases if at least one of the conditions set out in item (i) to (iii) below is met.²⁰⁷

Under Art. 4(b) item (i), a connection between a well-known mark and a third party’s goods or services may be indicated, for example, if there is an impression that the owner of the well-known mark is involved in the production of those goods, or the offering of those services, or that such production or offering was licensed or sponsored by him. The interests of the owner of the well-known mark could be damaged if the goods and/or services with which the connection is established have a down-market image and therefore reflect negatively on the goodwill of the well-known mark.²⁰⁸

Item (ii) would apply, for example, if the use of a conflicting mark is likely to impair or dilute the unique position of a well-known mark in an unfair manner.²⁰⁹ Another example of dilution is where a conflicting mark is used on goods or services which are of an inferior quality or of an immoral or obscene nature. For example, it was held that the well-known mark Daimler BENZ would be damaged if the BENZ mark and logo were used in relation to men’s underwear.²¹⁰

The last condition that can be fulfilled in order to enjoy protection under Art. 4 is, if item (iii) applies in cases, in which the use of the mark would take unfair advantage of the distinctive character of the well-known mark.²¹¹

²⁰⁴ Denis Croze, *Id.*, p. 143.

²⁰⁵ Annette Kur, *Id.*, p. 834.

²⁰⁶ Art. 16 of the TRIPS Agreement protects use of conflicting marks that are registered for both similar and non-similar goods or services.

²⁰⁷ Notes on Article 4, 4.2.

²⁰⁸ *Id.*, 4.3.

²⁰⁹ The meaning of “an unfair manner” implies that use of a well-known mark by a third party which is not contrary to honest commercial practice does not constitute dilution, (*Id.*, 4.4).

²¹⁰ See the case *Daimler Benz Aktiengesellschaft and Another v. Hybo Hindustan* AIR 1994 Del 239.

²¹¹ Art. 4(1)(b)(iii).

It is easy to see that this regulation represents an attempt to combine Art. 16(3) of TRIPS, the U.S. Federal Anti-dilution Act and the European version of the extended protection of marks having a reputation²¹² to create a uniform concept. Items (ii) and (iii) were subject of an intense debate and it was difficult to convince some of the government representatives that all three criteria should apply without the need for the well-known mark to be registered. The protection provided for well-known marks under those items were too broad, and a number of delegations were not ready to go beyond the TRIPS provisions.²¹³ Consequently, a compromise was achieved and Para. (1)(c), which is based on a joint suggestion of the representatives of INTA²¹⁴ and AIPPI, provides for an exception to the general principle in Art. 2(3)(a)(iii),²¹⁵ in that a Member State may require that a mark be well-known by the public at large if that mark is to be protected under Art. 4(1)(b)(ii) and (iii).

Items (ii) and (iii) are the typical anti-dilution provisions since dilution is a great problem for the well-known marks, which generally are well-known by the public at large and not only in a specific sector of the public.²¹⁶

Remedies

Para. 2 provides, in line with Art. 6*bis* of the Paris Convention, that a conflict with a well-known mark under para. 1 (a) constitutes a ground for opposition. Para. 3 gives a well-known mark owner the right to request invalidation of a registered conflicting mark. Para. 4 provides the owner of a well-known mark with a further remedy, which is, the right to request an order from a competent authority to prohibit the use of a conflicting mark. Such request shall be admissible at least for five years, and in case of bad faith without time limit. In case of use of a conflicting mark, at least five years must have passed from the moment from which the owner of the well-known mark had knowledge of the conflicting use.²¹⁷ If the well-known mark owner has tolerated such use during at least five years, there is no obligation to prohibit the use of the conflicting mark.²¹⁸

Para. (5)(c) provides one possible criterion that can be used in order to determine bad faith, namely, it is the competent authority that shall take into consideration whether the person who obtained the registration of or used the mark which is in conflict with a well-known mark, had knowledge or reason to know that the well-known mark existed.

²¹² See Arts. 8(5), 9(1)(c) of the Community Trademark Regulation; Arts. 4(4)(a), 5(2) of the Directive.

²¹³ AIPPI-Report of Representatives at WIPO by Dr. Gerd F. Kunze, <http://www.aippi.org/>

²¹⁴ Including Frederick Mostert, President of INTA.

²¹⁵ That a Member State shall not require knowledge of a mark by the public at large when determining whether a mark is a well-known mark.

²¹⁶ See more about dilution in next chapter.

²¹⁷ Notes on Article 4, 4.11.

²¹⁸ Article 4(5)(a)-(c).

Finally, para. 6 provides, that if the conflicting mark was registered but never used, no time limit may be prescribed. According to the International Bureau of WIPO, a potential problem for the owner of a well-known mark could be if a conflicting mark was registered in good faith but never used. This paragraph was subject of some discussion, and it was decided that existing national principles would be applied in those proceedings.²¹⁹ Paragraph 6 aims at avoiding a situation where the well-known mark owner is prevented from defending his rights by the five year time limit under paras. 3 or 4.²²⁰

Art. 4 is a somewhat complicated article with 17 clauses and sub-clauses and really needs to be read in its entirety for a complete understanding as it contains a number of useful checks and balances to justify the “extra” rights which the owner of a well-known mark can claim for its mark, especially under the very sweeping nature of Art. 3.

Art. 5 - Conflicting Business Identifiers

This article sets out the remedies Member States have to make available if a well-known mark is in conflict with a business identifier. It essentially consists of the same provisions as Art. 4, but Art. 5 takes account of the special nature of business identifiers. The main differences between marks and business identifiers are that marks distinguish goods and/or services, whereas business identifiers distinguish businesses. Furthermore, the registration of marks is effected by national or regional authorities,²²¹ whereas business identifiers may be registered (or not at all) by administrations which vary from country to country.²²²

Business identifiers are, under the WIPO provisions, defined as any sign used to identify a business. This includes trade names as described under Art. 8 of the Paris Convention,²²³ but also figurative signs used by businesses as their business identity. The remedies provided for in case of conflicts with business identifiers are very similar to those of Art. 4.²²⁴

The significance of Art. 5 lies in its extension of the rules that protect well-known marks, to conflicts with business identifiers in cases where such business identifiers are not used as trademarks. In these cases, Art. 6bis of the Paris

²¹⁹ SCT/2/5, pp. 75-77, p. 11.

²²⁰ Notes on Article 4, 4.14.

²²¹ In most cases, trademark offices.

²²² Notes on Article 5, 5.1.

²²³ “A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.”

²²⁴ Dr. Gerd F. Kunze, *Id.*, <http://www.aippi.org/>

Convention and Art. 16(2) and (3) of the TRIPS Agreement are not applicable. It is left to the Member State and its competent authority to decide, whether it is prepared to protect well-known marks against conflicts beyond the traditional scope of trademark protection.

Art. 6 - Conflicting Domain Names

Art. 6 was, in the draft document, put in brackets and indeed much doubt was expressed in the discussion whether the Resolution should deal with domain names, either at this time, or even at all. One of those speakers who originally were opposed to the inclusion of any language about domain names in the document, was the representative of Canada. Finally, a compromise was worked out which was acceptable to the plenum.²²⁵

In terms of contents, Art. 6 is restricted to the declaration that a conflict between a domain name and well-known mark must be assumed when the former represents a reproduction, etc., of the mark and registration or use were in bad faith (para. 1). The sanctions in this case are cancellation or transfer of the domain name (para. 2). Para. 2 was lively discussed. The Swedish delegation argued that cancellation could not be demanded, since the domain name registration office was a private authority and was not even a party to litigation. Therefore, a declaration of cancellation to the registration office could not be enforced.²²⁶

Art. 6 is the first provision in international standards dealing with conflicts between domain names and well-known marks. This provision must be distinguished from the WIPO Domain Name Process, which sets up an administrative dispute resolution²²⁷ procedure, to cases of conflicts between trademarks and abusive domain name registrations - "cybersquatting." The Domain Name Process was initiated by the private sector and did not involve the SCT.

The passage of the resolution

However, what was finally adopted by the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO was not entirely in record with what the SCT had proposed. Although the Resolution itself was adopted without change, its effect on the Member States is today not what was aimed by the SCT. The proposal from the SCT contained the following Preamble:

²²⁵ *Id.*

²²⁶ Annette Kur, *Id.*, p. 839.

²²⁷ Denis Croze, *Id.*, p. 144.

“*Recommend* to each Member State to protect well-known marks in accordance with the provisions contained herein which were adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its Second Session, Second Part;”

This paragraph was amended and what the two Assemblies adopted was rather different, namely:

“*Recommend* that each Member State may consider the use of any of the provisions contained herein which were adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its Second Session, Second Part, as guidelines for the protection for well-known marks.”

In other words, this is rather different, as it turns the whole Resolution from being a clear Recommendation into an optional one. This came 74 years after the introduction of Art. 6*bis* into the Paris Convention, 41 years since its last revision, but a mere five years since the TRIPS Agreement has extended it. At the beginning of the negotiations, the International Bureau expressly left open the question of the status of the document, that is, if the results were to be fixed in the form of a protocol to the TLT or otherwise. It was finally decided that the text should be submitted to the WIPO General Assembly and the Paris Union as a proposal for a Joint Resolution. However, since reservations were expressed by a number of Country Members against the contents of certain textual passages, the text was adopted in the weaker form of a Joint Recommendation.²²⁸

Concluding Remarks

The fact that international recognition of a mark may under certain circumstances be sufficient in order to establish protection on the basis of Art. 6*bis* satisfies a demand that has long been made by the rightholders of well-known marks. The registration of a globally well-known mark by an unauthorized third party used to be a rule effected in bad faith, alongside with the rightholder that had to prove a sufficient high degree of recognition in the country of protection.²²⁹ After all, the acceptance of a non-compulsory registration system and still obtain protection in a country, would mean that the holders of well-known marks could claim a protection of a very broad content in all Member States – a protection that in many cases goes further than the protection granted at the national level on the basis of national law without the need to file a registration in the particular country.

²²⁸ “*WIPO Resolution on Well-Known Marks: A Small Step or a Giant Leap?*” by David H. Tatham, [2000] I.P.Q.: No. 2, pp. 133-134, Sweet & Maxwell.

²²⁹ Annette Kur, *Id.*, p. 827.

The text in the present form should satisfy the well-known mark holders, but the competent authorities and courts will have to manage further without clear specifications. Instead, they will have to consider the broad “unfair” and “bad faith” concepts. There are two provisions in the Joint Recommendation that will cause uncertainty:

- Art. 2 lists, on the one hand, requirements that must necessarily (“shall”) be taken into account in the determination of whether a mark is well-known in a Member State and therefore enjoy protection, but on the other hand, are declared not to be binding; and
- By combining the different approaches to extended trademark protection with the U.S. and European legal systems and the TRIPS Agreement, Art. 4 appears to be a patchwork.²³⁰

The open-value concepts will give courts a wide space to balance the interests in a proper manner, which is good. But judges and public authorities without sufficient, or perhaps no experience at all to handle general clauses and to balance the interest, may have problems in the application of the well-know marks provisions. Annette Kur questions if it really was so urgent to go beyond the level achieved with Art. 16(2) and (3) of the TRIPS Agreement. She argues if it would not have been more profitable first to achieve understanding about the effects of the TRIPS Agreement, since experience shows that there is still need for clarification on the part of a number of countries with respect to TRIPS. Perhaps unnecessary confusion is created if there is a change of approach.²³¹

The legal effects of these recommendations in the different countries are difficult to foresee.²³² The binding effect of an international treaty can clearly not be achieved solely by recommendations, but, on the other hand, the political effect of the recommendations must not be underestimated. According to Annette Kur: “It is by no means certain that they will not be used to exercise certain pressure on countries that are not willing to adapt to the provisions it contains.”²³³

It remains to be seen how the different Member States will proceed from here. However, although not legally binding on Members of the Paris Union or WIPO, the Resolution is authoritative and should be strongly persuasive. At last and for the first time, we have an authoritative statement of how to define a well-known mark and the rights that its owner can claim.²³⁴

²³⁰ *Id.*, p. 840.

²³¹ *Id.*

²³² *Id.*

²³³ *Id.*

²³⁴ David H. Tatham, *Id.*, pp. 127-129, 136-137.

5 The Protection of Trademarks Having a Reputation Under the European Community (E.C.) Trademark Law

5.1 Background

One of the aims and purposes of the European Union is to have a common and integrated market with free movement of goods. In the case of *Sirena srl v. Eda srl*,²³⁵ the ECJ emphasized that the absence of harmonization of trade marks in the Member States of the EEC had the result of creating obstacles to the free movement of goods and services. Therefore, the ECJ concluded that the trade mark laws of the Member States should be brought into convergence.

However, it was felt that the creation of a Community trade mark law system, including an EEC trademark office, was the most appropriate way to reduce and in the end eliminate conflicts that prevented the free movement of goods. So, the final proposal was a unitary Community trade mark introduced by way of a Regulation²³⁶ and a Directive,²³⁷ with the latter to order the harmonization of national laws so that they would resemble each other quite closely.²³⁸

5.2 The Trademark Directive and The Community Trademark Regulation

5.2.1 Introduction

The European Community Trademark law consists of two legal levels, a Regulation and a Directive. To begin with, the protection provided for well-known marks (or trademarks having a reputation according to the Community Trademark legislation) in the Regulation and Directive will be described, together with a brief comparison with the conceptual differences between the protection of well-known marks in the Paris Convention and the TRIPS Agreement. Well-

²³⁵ Case C- 40/70, (decision of February 10, 1971).

²³⁶ Regulation (EC) No. 40/94 on the Community Trade Mark.

²³⁷ The First Council Directive Approximate the Laws of the Member States Relating to Trade Marks No. 89/104/EEC.

²³⁸ [Http://eur-op.eu.int/opnews/499/en/t04013.htm](http://eur-op.eu.int/opnews/499/en/t04013.htm).

known marks case-law of the European Court of Justice (ECJ) will follow. Furthermore, some case-law from the National Courts, together with an overview of the Trademark Directive implementation in some Member States of the EU will be dealt with. The concept of confusion including likelihood of association, a concept closely linked to the well-known mark infringements, will be analyzed. Finally, a minor comparison between the U.S. and the European Community approach to the “concept of dilution” will be discussed.

5.2.2 The Community Trademark Regulation²³⁹

Trademarks “Having a Reputation”

To begin with, both the Regulation and the Directive are silent on what constitutes a well-known mark. However, the Regulation protects a well-known mark as follows: If there already exists a registered trademark that is well-known²⁴⁰ in a Member State,²⁴¹ there is a relative ground for refusal of a Community trademark registration. The word “well-known” refers to the wording in Art. 6 *bis* of the Paris Convention. Furthermore, upon opposition by the holder of an earlier registered mark having a reputation in the Community or Member State, a trademark shall not be registered if:

- It is identical or similar to the goods or services of the reputed mark; and
- The use would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier registered mark.²⁴²

A holder of a mark having a reputation in the Community shall have the exclusive right to prevent third parties using his/her trademark without his/her consent. This provision applies to any sign, identical with or similar to the Community trademark in relation to goods or services, which are non-similar to the registered goods, or services of the Community trademark rightholder. In order to apply this Article, the use of that sign must take unfair advantage of, or ruin the distinctiveness or repute of the earlier registered mark as well (the same criteria as in Art. 8(5)).²⁴³

5.2.3 The Community Trademark Directive

²³⁹ To avoid confusion: The Regulation mentions both well-known marks in the sense of the wording in the Paris Convention and trademarks having a reputation.

²⁴⁰ Art. 8(2)(c) of the Regulation.

²⁴¹ “The earlier mark” in the Directive refers to the well-known mark.

²⁴² Art. 8(5) of the Regulation.

²⁴³ Art. 9(1)(c).

The implementation of the Directive was rather slow. It was completed in all 15 Member States of the European Union as late as July 1, 1996. The aim of the Trade mark Directive, is that statutory law in all Member States should embody fully harmonized rules in respect to provisions, among other aspects: The absolute and relative grounds for refusal to register a mark (Arts. 3 and 4) and the scope of rights conferred by a trade mark (Art. 5).²⁴⁴ Only provisions that concern well-known marks will be discussed below.

According to Art. 4(1)(d) of the Directive, a registered well-known mark²⁴⁵ is protected against later registrations if the latter:

- Is identical with the earlier, well-known mark as well as the goods or services for which the earlier trademark is protected;²⁴⁶ and
- Is identical or similar to the earlier trademark as well as the goods or services for which the earlier trademark is protected, and there exists a likelihood of confusion on the part of the public, including the likelihood of association with the earlier trademark.²⁴⁷

The list of the decisive elements for the assessment of likelihood of confusion is not definite, but the 10th Recital of the Preamble to the Directive mentions the recognition of the trade mark on the market, the association with the used or registered sign and finally, the degree of similarity between the trade mark and the sign and between the goods or services identified.

To summarize, the protection of well-known marks (well-known as set forth in the Paris Convention) under the Community Trademark Regulation²⁴⁸ and the Trademark Directive²⁴⁹ concern refusal of a trademark application, or invalidity of a registration for a trademark which is identical or similar to a well-known mark as well as same or similar to the type of goods and services the well-known mark is protected through registration. In other words, the protection covers same/similar marks and same/similar goods or services.

The protection of a *Community trademark* having a reputation in the Community is found in Art. 4(3). A Community trademark is protected against identical or similar marks (which is to be or has been registered) but dissimilar goods or services. The competent authority shall refuse the application for registration, or, if registered, declare the registration of a later mark invalid if the

²⁴⁴ “*Harmonization of the Trade mark Laws in Europe – An Overview*” by Annette Kur, IIC, Vol. 28, No. 1/1997, pp. 4-7.

²⁴⁵ In the sense in which the words “well-known” is used in Article 6*bis* of the Paris Convention.

²⁴⁶ Art. 4(1)(a).

²⁴⁷ Article 4(1)(b).

²⁴⁸ Articles 8(2)(c), 8(5) and 9(1)(c).

²⁴⁹ Article 4(1)(a), (b) and (d).

use would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier registered mark.

The protection of a registered *trademark* having a reputation in a Member State Concerned, according to Art. 4(4)(a), with the same circumstances as above in Art. 4(3), is left to the Member States to decide. It “may furthermore provide...” In other words, it is not mandatory for a Member State to implement the provision. Consequently, the Member States choose themselves whether they would like to provide protection for trademarks having a reputation against identical or similar marks and within the category of dissimilar goods or services.

Protection against “dilution”?

Does the Directive provide protection against “dilution”²⁵⁰ of a registered *trademark* having a reputation in the same situation as Art. 4(4)(a), i.e., identical or similar marks but within the category of dissimilar goods or services? It has to be kept in mind that the legislator is using the wording: “use of a sign that without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.” However, in order to avoid misunderstandings, from now on the word “dilution” will be used.

The only infringement criterion suitable to preserve the distinctiveness and uniqueness of well-known marks as well as to protect their economic value as carriers of goodwill, is the “dilution” criterion in Art. 5(2) of the Directive. Art. 5(2) does not request any likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the repute trademark. However, similar to Art. 4(4)(a), Art. 5(2), this article is not a mandatory provision, and therefore, does not have to, but may, be implemented to the Member States within the European Union. A legal basis for this flexible interpretation may be found in recital 14 of the Directive:

“Whereas it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States; whereas this should however not prevent the Member States from granting at their own option extensive protection to those trade marks which have a reputation.”

After having discussed the protection given a well-known mark or a mark having a reputation under the Community trademark legislation, it might be interesting to

²⁵⁰ Dilution has its roots in the U.S. trademark law. The word dilution does not exist in the E.C. trademark legislation. Instead the wording a mark “taking unfair advantage of or be detrimental to, the distinctive character or the repute of the earlier trademark.”

highlight the conceptual differences between that one and the protection provided for in the Paris Convention and TRIPS.

5.2.4 The conceptual Differences between Protection Provided Well-Known Marks under the Paris Convention, The TRIPS Agreement and the European Community Trademark Law

To begin with, the Paris Convention does not provide what factors should be taken into consideration when deciding whether a mark is well-known. Furthermore, the Paris Convention is not self-executing, so that each country must implement the treaty through its own legislation.

Art. 6*bis* of the Paris Convention offers only limited protection to a well-known mark holder. Even if a mark is well-known in a certain jurisdiction, it will only be protected against uses on identical or similar goods and it also requires that there is a “confusion” between the well-known mark and the offending party’s mark. A trademark owner cannot prove injury based on broader, unjust competition standards such as “dilution” or injury to reputation.

Though, not much of guidance, but in the determination whether a mark is well-known in the TRIPS, the relevant sector of the public and knowledge obtained as a result of the promotion of the mark are key factors that shall be taken into consideration. The TRIPS extends and strengthens the protection of well-known marks: there is an extension to service marks and dissimilar goods/services,²⁵¹ if such use would cause potential purchasers to associate these goods/services with the well-known mark.²⁵² The same provision also protects a well-known mark holder from harm that might be caused either from actual use or promotion by an infringing mark. The most significant aspect of TRIPS is that it is self-executing. Owners of well-known marks can use the TRIPS Agreement, regardless of legislative procedures (or lack thereof) in Member Countries.

Neither the Community Trademark Regulation, nor the Directive provides what factors should be taken into consideration when deciding whether a mark has a reputation. The protection of a well-known mark or a mark having a reputation under the European Community trademark legislation extends to identical/similar marks as well as identical/similar goods/services, but only registered trademarks are mentioned in the Regulation and the Directive. A holder of a registered well-known mark can, according to the Regulation, stop an identical mark with his/her mark as well as his/her goods/services if there is a likelihood of confusion including likelihood of association on the part of the public in the protected territory of the well-known trademark.²⁵³

²⁵¹ TRIPS, Art. 16(2).

²⁵² *Id.*, Art. 16(3).

²⁵³ Art. 8(1)(a) and (b) in conjunction with Art. 8(2)(c) of the Regulation.

The prerequisites for a mark having a reputation to be protected, under the Directive, against registration or use of dissimilar goods/services, it must, firstly be registered either as a Community trademark or as a national trademark. Secondly, the mark must be diluted by the use or registration of the later trademark.²⁵⁴ Apparently, unregistered marks having a reputation are neither protected under the Regulation, nor under the Directive. It is left to the Member States to choose whether or not to protect them under the national legislation.²⁵⁵

5.2.5 Case-Law of the European Court of Justice (ECJ)

Sabel v. Puma²⁵⁶

In *Sabel BV v. Puma AG*, the main issue was the function of and relationship between “confusion” and “association” in the case of two more or less similar trademarks – (a springing puma and a springing cheetah) for identical goods as defined in Art. 4(1)(b) of the Trade mark Directive.²⁵⁷ The difference between the marks was that the Puma trademark is a well-known mark, whereas the Sabel is less known. It has to be emphasized that the Sabel case concerns confusion and not dilution.

The ECJ emphasized that there is a difference in the scope of protection of “ordinary” trade marks (Arts. 4(1)(b) and 5(1)(b) of the Directive) as opposed to marks with a reputation (Arts. 4(4)(a) and 5(2) of the Directive). A fact that was not disputed, though. While the “ordinary” mark is infringed if there is a likelihood of confusion to the part of the public, such a proof is not the condition to the protection of the mark with a reputation.²⁵⁸

Canon v. Metro-Goldwyn Meyer²⁵⁹

²⁵⁴ Art. 4(3) of the Directive.

²⁵⁵ Art. 4(4)(a), 5(2) of the Directive.

²⁵⁶ Case C-251/95, (decision of November 11, 1997).

²⁵⁷ “A trademark shall not be registered or, if registered, shall be liable to be declared invalid: (b) If because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trademark.”

²⁵⁸ Para. 20 in the case.

²⁵⁹ Case C-39/97, (decision of September 29, 1998).

In this case concerning confusion between *Canon Kabushiki Kaisha* and *Metro-Goldwyn Meyer Inc.*, the question the ECJ had to tackle was whether account may be given to the distinctive character, in particular the reputation, of an earlier mark (Canon), with the consequence that it would be permissible to consider goods or services to be similar in relation to particularly distinctive marks when such goods or services would not be considered to be similar in relation to other less distinctive marks.

That question was raised in proceedings between the Japanese company Canon Kabushiki Kaisha and the American corporation Metro-Goldwyn-Mayer Inc., formerly Pathe Communications Corporation (MGM), following MGM's application in Germany in 1986 for registration of the word trade mark *Cannon* to be used in respect of films recorded on video tape cassettes (video film cassettes); production, distribution and projection of films for cinemas and television organizations.

In this case involving a well-known mark, *Canon*, the ECJ reaffirmed that the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trademarks is sufficient to give rise to the likelihood of confusion. Furthermore, the ECJ ruled that there might be a likelihood of confusion within the meaning of Art. 4(1)(b) of Directive 89/104 even where the public perception is that the goods or services have different places of production. By contrast, there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings.²⁶⁰

According to a previous case, brought up to the ECJ, the more distinctive the earlier (well-known) mark is, the greater be the risk of confusion.²⁶¹

The ECJ continued: "Since protection of a trade mark depends, in accordance with Art. 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character."²⁶²

General Motors Corporation v. Yplon SA (the *Chevy Case*)²⁶³

²⁶⁰ Para. 30 in the case.

²⁶¹ *Sabel BV v. Puma AG*, Case C-251/95, (decision of November 11, 1997), para. 24.

²⁶² Para. 18.

²⁶³ Case C-375/97, (decision of September 14, 1999).

What knowledge of the mark is needed to establish a reputation and over what area must the reputation exist? The concept of “reputation” was extensively discussed in the preliminary ruling by the ECJ in the ‘*Chevy case*’ (*General Motors Corporation v. Yplon SA*). The case broadens considerably trade mark owners’ chances of enjoying the extended protection granted by the Trade mark Directive to trade marks with a reputation and clarifies that a mark does not need to be “well known” (in the sense of Art. 6 *bis* of the Paris Convention) to qualify for such protection.

General Motors (GM) and Yplon both own registrations - one for motor vehicles, the other for detergents - for the trade mark *Chevy* in Benelux. GM asked a Belgian Court to stop Yplon from using the *Chevy* mark on the grounds that its own mark was to be considered a trade mark with a reputation according to Art. 5(2) of the Directive. According to the GM, the use of the *Chevy*-mark by Yplon was diluting GM’s own trade mark and therefore damaging its advertising function.

The Belgian Court asked the ECJ for a preliminary ruling on how the concept of a “trade mark with a reputation” should be interpreted. GM argued that the earlier trade mark must be certainly known, but neither to the extent of being “well known” within the meaning of Art. 6*bis* of the Paris Convention, nor by the public at large. Yplon on the contrary favoured a higher standard, asserting that a trade mark has a reputation only when it is known by a wide section of the public in the whole territory of the State.

The ECJ found that the degree of knowledge required by the first condition of Art. 5(2) (that the mark must have a “reputation in the Member State”) is fulfilled when the earlier registered trade mark for non-similar products or services is known by a significant part of the public concerned (either the public at large or a more specialized public, depending on the nature of the products or services).²⁶⁴ In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the mark, the intensity, geographical extent and duration of its use and the size of the investment made for promotion.²⁶⁵

As far as the required geographical extension of knowledge is concerned, the ECJ found that the condition that a trade mark must have a reputation “in the Member State” cannot be interpreted as “throughout the entire territory of the Member State.” Reputation in a substantial part of the territory will suffice.²⁶⁶ In other words, in order for a well-known mark to enjoy protection extending to non-similar products or services, a registered trade mark must be known by a

²⁶⁴ The Court emphasizes that it cannot be inferred, either from the letter or the spirit of Art. 5(2) that the trademark must be known by a given percentage of the defined public.

²⁶⁵ See para. 27 in the case.

²⁶⁶ See para. 28 in the case.

significant part of the public concerned by the products or services which it covers.

Art. 5(2) does not express which factors should be taken into account in considering a mark having a reputation. Art. 16(2) of the TRIPS Agreement does (that account shall be taken in the relevant sector of the public including its knowledge of the mark as a result of promotion). Furthermore, there are clear indications that the ECJ, with its “judgemade law,” has taken Art. 2 of the WIPO Joint Recommendation into consideration in this case. The WIPO Provisions were actually adopted one week after the judgement.

The Chevy-case also lays out an important criterion to assess the fulfillment of the second condition of Art. 5(2), i.e. that the earlier trade mark must be detrimentally affected without due cause (the dilution criterion). In para. 30, the ECJ states that “the stronger the earlier mark’s distinctive character and reputation, the easier it will be to accept that detriment has been caused to it.”

5.2.6 The Implementation of the Community Trademark Directive in Some Member States within the European Union and Case Law from the National Courts

SWEDEN: Galliano v. Gaetano²⁶⁷

Sweden modelled its law according to the principles laid down in the harmonization Directive in 1995 and is its actual version as amended by SFS 1995:1277). It is clear that the E.C. Trademark Harmonization Directive has been closely followed. According to the fundamental rule in Sec. 6(1) of the Swedish Trademark Act, trademark protection is restricted to goods of the same or a similar kind. In other words, the Act does not apply to non-similar goods and there is only a risk of confusion if the sign concerns same or similar goods, an implementation in line with the Directive, Art. 5(2). Sec. 6(2) of the Trademark Act grants full trademark protection for unregistered marks beyond the limits of the similarity of goods to signs which “enjoy a good reputation in the country.”²⁶⁸ The regulation grants such protection to a number of conditions which include a “similarity” between the two trademarks.

The criterion of “another similar sign” was already to be found in the previous wording of the regulation, which contained the so-called “Kodak” and “Rat

²⁶⁷ MD 1993:9, Decision of the Swedish Supreme Court November 20, 1995.

²⁶⁸ “Väl ansedda kännetecken.”

poison” rules.²⁶⁹ The preparatory work on the current wording of Sec. 6(2)²⁷⁰ contains no indication that a different interpretation is to be attached to the criterion “similar signs” than applied under the previous law. The preparatory work shows that the objective of the amendment to the law was to extend the previously granted protection beyond the similarity of goods for well-known marks through the harmonization of Swedish law with Arts. 5(2) and 4(4)(a) of the Community Directive. The current applicable rule in Sec. 6(2) of the Trademark Act requires that the two signs are identical or at least similar to a considerable extent. Therefore, Sec. 6(2) does not go beyond the similarity of goods.

In this Swedish case, the question was if the trademark *Galliano* should be granted extended protection pursuant to Sec. 6(2) of the Trademark Act by the fact that it was well-known, and the fact that the two marks represented a higher degree of similarity. The Plaintiff, the holder of the registered trademarks and yellow liqueur “*Liquore Galliano*” and “*Galliano*,” alleged that the marketing of various types of liqueur extract including a yellow non-alcoholic extract bearing the name “*Gaetano*” infringed its trademarks rights. The holder of the *Galliano* trademark stated that the trademark was well-known and enjoyed market recognition in Sweden, with the effect that the exclusive rights existed both on the basis of registration and of market recognition.

Sec. 6(2) of the Trademark Act requires that the two signs be identical or similar to a considerable extent. The Swedish Supreme Court came to the conclusion that it could not be assumed that the *Galliano* and *Gaetano* trademarks presented such a high degree of similarity. Therefore, the conditions for the applications of Sec. 6(2) did not apply in this case. Neither did the sale of a liqueur extract under the designation *Gaetano* represent an infringement of the well-known trademark *Galliano*.

The Supreme Court stated that there was a certain degree of similarity between the words *Galliano* and *Gaetano*, as well as the get-up and coloring of the labels of the two bottles. However, since the label of the liqueur extract contained the word “Saturn” and a picture of the planet and the two bottles were of a very different appearance, it was easy to distinguish the goods. Another fact was that the liqueur *Galliano* is available exclusively from the sale outlets of the Monopoly Company, “Systembolaget,” in bars and restaurants, while the *Gaetano* liqueur extract is available from grocers. There was no risk either that purchasers would assume there being a commercial connection between the products.

²⁶⁹ SOU 1950:10, at 237 and 239. The preparatory work shows that the identity or high degree of similarity of the designations was intended to be a condition of the application of this rule. In the legal literature, it has been assumed that the previous applicable regulation required a greater degree of similarity between the trademarks than otherwise applies to the assumption of a risk of confusion.

²⁷⁰ Ds 1992:13, prop. 1992/93, 48, at 80E.

A draft for a new Swedish Trademark Act was presented to the Government on March 20, 2001. One major change is that the paragraph which concerns damages for trademark infringements states a number of facts which the courts must take into consideration when evaluating damages to be awarded to the trademark owner. Among those facts to be considered are the economic damage which has been caused the trademark owner by the infringement and also the profit the infringer has made through his action. It remains to be seen how the courts will interpret this paragraph in the future. It is expected that the Government will introduce the final version of the new Act coming into force on July 1, 2002, at the earliest, but even as late as January 1, 2003.

DENMARK: McDonald's v. McAllan²⁷¹

Denmark implemented the Directive to its trademark law in 1991 (Act No. 341 of June 6, 1991). Denmark grants full trademark protection to unregistered signs on the basis of mere use, if the mark is inherently distinctive.²⁷² The well-known company McDonald's filed an action against an individual operating a hot-dog stand bearing the designation McAllan. McDonald's argued that the prefix "Mc" established a similarity between the parties' marks and that the use of it by the defendant amounted to unfair exploitation of the distinctive character and renown of the McDonald's trademark, which was likely to be detrimental to it. Furthermore, the goods were "similar" and therefore there was a risk of confusion.

The Danish Supreme Court held that prefixes such as "Mc" and "Mac" are common prefixes of personal names. Therefore, the scope of protection of these prefixes could not extend so far as to prevent them from being used as personal names. However, the prerequisite is that such names are not used commercially in a manner that might create confusion with the name McDonald's. In the actual case, the court came to the conclusion, despite a certain degree of similarity of goods, that there was no infringement of the Trademark Act. First, the name McAllan was distinct from McDonald's and no risk of confusion or connection existed between the hot-dog stand and the restaurant business. Second, the use of the prefix "Mc" did not involve unfair exploitation of the individual character or renown of the McDonald's well-known trademark and third, the name McAllan was depicted on the hot-dog stand without imitating McDonald's strategy.

GERMANY: McDonald's v. Dieter Rahmer²⁷³

²⁷¹ Case 355/1995, Decision of the Danish Supreme Court, December 4, 1996.

²⁷² "Harmonization of the Trade mark Laws in Europe – An Overview", by Annette Kur, IIC, Vol. 28, No. 1/1997, p. 9.

²⁷³ Case No. I ZR 268/95, Decision of the Federal Supreme Court, April 30, 1998.

The European Directive was implemented into German trademark law through the Trademark Act²⁷⁴ which came into force on January 1, 1995. Prior to that date, the legal concept of well-known marks was unknown in German statutory law, but protection was granted on the basis of Art. *Øis* of the Paris Convention. Provisions both for preventing unauthorized registration of well-known marks and dilution²⁷⁵ pursuant to Arts. 4(4)(a) and 5(2) have been adopted.²⁷⁶ The protection for well-known marks primarily derives from Secs. 9(1)3, 14(2)(4) and 15(3) of the Trademark Act. Germany grants full trademark protection for unregistered marks if the mark has acquired a certain level of public recognition (“verkehrsgeltung”).²⁷⁷

Similar to the McDonald’s v. McAllan case, but this time with the word MAC and non-similar goods (animal food and restaurant-food; hamburgers), McDonald’s Corporation v. Dieter Rahmer came up in 1998. Dieter Rahmer, an operator of a fodder mill, was manufacturing primarily foodstuffs, including animal fodder. Rahmers’ range included dogs and cats food under the names ‘MAC Dog’ and ‘MAC Cat,’ designations he had been using since 1983 and registered since 1992. McDonald’s opposed the registration and use, fearing an impairment of its well-known mark by the marks MACDog and MAC Cat. The opposition had been dismissed by the German Patent Office on the ground of lack of similarity between the goods or services, before the case was brought up to the Federal Supreme Court.

Since the case concerned non-similar goods, the Court stated that if McDonald’s should have a chance to succeed, it had to prove the degree of reputation of its trademark by factual evidence. The defendant, on the other hand, had to explain a reason for using a “MAC” or “Mc” prefix, which use as such could be an indication that the mark of the plaintiff had achieved such reputation.

The court finally came to the conclusion that the use of the signs “MAC Dog” and “MAC Cat” for dog and cat food on meat products may arouse negative associations with McDonald’s products among consumers, simply because McDonald’s was a well-known mark.

THE U.K.: Baywatch Production Co. Inc. v. the Home Video Channel²⁷⁸

²⁷⁴ The Trademark Act replaced the 100-year-old Warenzeichengesetz.

²⁷⁵ See Arts. 9(1)3 and 14(2)3 of the Trademark Act.

²⁷⁶ Frederick W. Mostert, *Id.*, pp. 283-284.

²⁷⁷ Annette Kur, *Id.*, p. 8.

²⁷⁸ High Court (Chancery Division), decision of July 31, 1996.

Before 1994, there was no specific legislation in the U.K. providing general protection for well-known trademarks – instead they were, and are, protected by registration. Apart from registration, the only other source of protection was the common law relating to passing-off, i.e., protection of goodwill in trade marks acquired through use.²⁷⁹ As the Trade mark Act of 1994 came into effect, the protection for well-known trade marks has improved.²⁸⁰

The protection of registered trade marks is extended to the use of identical or similar marks in relation to goods or services, which are only similar to those, covered by the registration (sec. 10(2)). Furthermore, (a fact that might enhance protection for well-known marks) sec. 10(3) requires proof that the trade mark has a “reputation” in the U.K. and that the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark when the use of an infringing mark is identical or similar to the registered well-known mark. According to Mostert, it seems likely that well-known trade marks, by their distinctive nature, will generally be capable of attracting a greater scope of protection than other trade marks in the U.K.²⁸¹

A good example of a narrow interpretation of the concept “likelihood of confusion” is a case from the United Kingdom; *Baywatch Production Co. Inc. v. The Home Video Channel*. The plaintiff was the producer of Baywatch, the popular TV series which previously starred Pamela Andersson, and the defendant was the producer of an adult entertainment TV channel. The defendant had created and broadcast a series called “Babewatch,” which featured an introduction that resembled the Baywatch series but included sexually explicit material. The High Court, Chancery Division, ruled for the defendant stating that any “likelihood of confusion” is unlikely because, among other reasons, the TV series Baywatch is very well-known.²⁸²

The Baywatch case can be compared with the judgement of the ECJ in the above mentioned Canon case, two years later, which had the same outcome – due to the fact that the trademark was well-known, there was no likelihood of confusion, even though the marks were almost identical.

Inlima S.L.’s Application for a 3 Dimensional Trade Mark²⁸³

²⁷⁹ Frederick W. Mostert, *Id.*, pp. 407-408.

²⁸⁰ *Id.*, p. 409.

²⁸¹ Frederick W. Mostert, *Id.*, p. 409.

²⁸² At 467 in the case: “In the present case not only are there no other substantial factors on which the plaintiff can seek to rely, but there are in fact other matters which point against there being any likelihood of confusion at all. 1. The TV series Baywatch is very well known...”

²⁸³ In the Trademarks Registry before: Mr. Simon Thorley Q.C., February 7, 2000.

Inlima S.L. applied to register a three dimensional mark for a drinks bottle in the shape of a football boot consisting of three equally spaced stripes, identical to the well-known mark Adidas' pattern. The mouth of the bottle was located in the heel of the football boot. *Adidas AG* opposed the application.

Mr. Simon Thorley, Q.C., held that the question of confusion under sec. 5(3) of the Trademark Act 1994 had to be answered upon all the circumstances of the case, the reputation of the earlier mark (Adidas), the similarity of the marks, and the degree of difference between the category of goods. According to the Q.C., the question of similarity should be considered in conjunction with the question of confusion.

The protection of a trademark having a reputation is provided in Sec. 5(3) of the Trade Marks Act 1994. This Article applies to a trademark which is identical/similar to the earlier trademark and, is to be registered for non-similar goods/services to those for which the earlier mark is protected. The trademark shall not be registered if the earlier mark has a reputation in the U.K, or in case of a Community Trade Mark and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive or the repute of the earlier mark. (Compare with Art. 4(3) of the Community Trademark Directive).

The Q.C. concluded: Adidas was a mark with a reputation. The marks of Adidas and Inlima S.L. was not similar, even though the football boot had the shape of a fancy bottle which reflected the Adidas mark. Inlima S.L. was using a football boot as a container for drinks and therefore a likelihood of association between alcohol beverages and Adidas was likely and consequently, could be detrimental to the three stripes device trademark.

Comments

At a first glance, one may have the impression, that a harmonization of the different protection standards has been achieved. However, a closer look reveals that it is only the provisions of the law of the Member States in regard to registered trade marks that are subject to harmonization.²⁸⁴ The Directive leaves it to the Member States to decide whether and how far they want to protect unregistered marks, i.e., the trade marks acquired through use.²⁸⁵ The reason why it is not mandatory for the Member States to protect unregistered trademarks is

²⁸⁴ See the scope in Art. 1, Directive 89/104/EEC. There was only a need for the most immediate effect on the function of the internal market. Therefore, a full-scale harmonization was not done and the unregistered trade marks were not included (see third recital of the Directive).

²⁸⁵ See the fourth recital of the Directive. "*Harmonization of the Trade mark Laws in Europe – An Overview*", by Annette Kur, IIC, Vol. 28, No. 1/1997, p. 8.

the great difficulties due to the profound differences in the trademark laws of the Member States, a fact that has been subject to heavy criticism. Instead of having a heterogenic development in the establishment of legal principles, it is feared that a parallel existence of harmonized European law for registered trade marks and unharmonized national law could lead to contradictions.²⁸⁶

The Concept of Confusion including likelihood of Association

As observed through the European case law, the struggle with the concept of confusion under the Community Trademark Directive has been influenced by the protection of the trade marks having a reputation. Art. 5 provides a triad of protection, two elements are obligatory (as mentioned above) and the third – the protection of trade marks having a reputation – has been left to the discretion of the Member States.²⁸⁷

Traditionally, the criterion “likelihood of confusion” has been a guiding principle in establishing whether a trademark infringement exists in all Member States of the European Union, except the Benelux countries.²⁸⁸ In Article 4 of the Directive, this “likelihood of confusion” test is kept, though a bit modified,²⁸⁹ and it serves as the uniform criterion in addressing trademark conflicts.

Apparently, there is a gap in the protection of trademarks enjoying a reputation in Art. 5(2) of the Directive. A gap, since it is a condition for protection that the goods or services are not similar to the mark enjoying a reputation.²⁹⁰ If interpreted according to the wording of Art. 5(2), marks enjoying a reputation do not enjoy this special protection against dilution of their distinctive character or repute, if the sign is used for similar goods and services. However, it has to be kept in mind that this gap should not be mixed with the concept of confusion. Annette Kur concludes that the more the scope of protection claimed extends beyond risk of confusion in a strict sense towards mere “non-origin” association,

²⁸⁶ “*Protection of Well-Known, Unregistered Marks in Europe and the United States*” by Horst-Peter Götting, IIC Vol. 31, No. 4/2000, pp. 392-393.

²⁸⁷ The proprietor of the earlier trade mark has the right 1) To prevent the use of a sign which is identical with the trade mark and is used for identical goods or services (Art. 5(1)(a)). 2) To prevent the use of a sign which is identical with or similar to the trade mark and which is used for identical or similar goods or services (Art. 5(1)(b)). 3) To prevent the use of a sign which is identical with or similar to the trade mark enjoying a reputation in the Member State and which is used for goods or services not similar to those for which the trade mark is registered (Art. 5(2)).

²⁸⁸ the Benelux Act does not require likelihood of confusion and in the Benelux countries it is sufficient that the trademark owner suffers an economic injury.

²⁸⁹ “Likelihood of confusion on the part of the public.”

²⁹⁰ “*Should we use Guns and Missiles to Protect Famous Trademarks in Europe?*,” by Pier Luigi Roncaglia, The Trademark Reporter, 1998 Vol 88 No 6 pp. 551-563.

the more protection should be restricted in principle to trademarks which enjoy a certain reputation.

The concept of “likelihood of association” has been developed by Benelux case law,²⁹¹ where, even though two marks have similarities (one is registered and the other seeks to register the similar mark) and no member of the public would be confused as to the origin, it is in any case considered to be an infringement on the ground that some members would say that the two marks has a passing similarity even though they know the marks have nothing to do with each other.²⁹² Sweden is a definite supporter of non-origin confusion on the basis of the presence of the likelihood of association.²⁹³

According to Annette Kur, the notion “likelihood of confusion” including “likelihood of association” allows for a very flexible approach to the assessment of trademark infringement. These concepts were a compromise between the Member States when the Directive was being drafted.²⁹⁴ The scope of protection (as far as use of the mark for similar goods is concerned) can be fairly broad, but, can also be rather narrow depending on the specific nature and circumstances of the case.

Trade marks that enjoy a reputation are so well ingrained in consumer’s memories that they are able to distinguish them even from very similar signs on similar products. Consequently, a narrower interpretation of “likelihood of confusion” actually is detrimental to holders of marks enjoying a reputation.

Limits of Dilution Actions in Europe

The concept of likelihood of confusion is still often interpreted narrowly in the European Community as compared to the U.S.(see below). There are, according to Pier Luigi Roncaglia, too many decisions where the “likelihood of confusion” criteria should have been construed more widely.²⁹⁵ This leads to the fact that the scope of protection for marks enjoying a widespread reputation diminishes rather than increases. As mentioned above, the problem is that a dilution action is provided only in relation to goods or services which are not similar to those for which the trademark is registered, which is due to a tradition, in both the U.S. and Europe, to protect marks with a reputation against imitations and misappropriations relative to non-competing goods or services.

²⁹¹ Frederick W. Mostert, *Id.*, pp. 199-201 and “*The progress of European Harmonization*” by Barbara E. Cookson, [1997] 8 E.I.P.R. pp. 462-468.

²⁹² Annette Kur, *Id.*, pp. 20-22.

²⁹³ Barbara E. Cookson, *Id.*, p. 466.

²⁹⁴ “*Harmonising Trade Mark Law in Europe,*” by Dr. Joachim Bornkamm, I.P.Q.: No. 3, Sweet and Maxwell Ltd, p. 295.

²⁹⁵ Pier Luigi Roncaglia, *Id.*, The Trademark Reporter, 1998 Vol 88 No 6 p. 553.

To conclude, if we are to guarantee a sufficient level of protection for well-known trademarks in Europe, the interpretation of “likelihood of confusion” needs to be broadened. This can be achieved by paying more attention to well-established U.S. concepts and doctrines. Dilution actions in Europe should be permitted between competitors, since the distinctiveness and reputation of a famous mark may be damaged just as much, if not more, when similar marks are in the same relevant market with competing goods. However, though it is always interesting to take U.S. law into consideration as it is a rich source for comparative research, there are also other opinions. Not very much can be gained from it for the further development of the European law, because the legal foundations of the two systems are different.²⁹⁶

5.2.7 The Scope of Protection of Famous Marks in the US - Dilution

The U.S. Trademark Act, the Lanham Act was enacted in 1946. It specifically protects famous marks against “dilution.” Unauthorized use of a famous mark can be enjoined, even when confusion is not likely.²⁹⁷ This Act, normally called the “Trademark Dilution Act,” grants comprehensive protection against the likelihood of confusion. A party owning a famous mark is entitled to seek protection if the use of another mark causes dilution, similar or non-similar, to the famous mark. It is not necessary to show that the other mark causes confusion among consumers as to the source of goods or services.²⁹⁸ Famous marks in the U.S. include for instance *Coca-Cola*, *Pepsi*, *Nike*, *Reebok*, *Pizza Hut*, *Seven-Up* etc. The U.S. has a very broad protection for famous marks against use or registration of similar marks if confusion is likely.²⁹⁹

The definition of “dilution” in Sec. 43(c) of the Lanham Act is “lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and the other parties, or (2) likelihood of confusion, mistake, or deception.” There is no dilution protection for a mark that is merely distinctive.³⁰⁰

²⁹⁶ Horst-Peter Götting, *Id.*, p. 407.

²⁹⁷ Lanham Act, sec. 43(c) enacted on 16 January 1996, and under state anti-dilution laws.

²⁹⁸ Horst-Peter Götting, *Id.*, p. 405. A dilution action has been available in the U.S. since 1995 when a new section, 43(c), was added to the Lanham Act.

²⁹⁹ Frederick W. Mostert, *Id.*, pp. 423-424.

³⁰⁰ F. Lawrence Street and Mark P. Grant, “*Law on the Internet*,” 2001 Edition, pp. 447-449, Lexis Publishing. According to L. Street and M.P. Grant, it remains to be seen whether courts will pay attention to this limitation.

In the case of *Coca-Cola Co v. Gemini Rising Inc*³⁰¹ a poster showing the words *Enjoy Cocaine* on a red and white logo identical to the one of Coca-Cola. In a preliminary injunction, it was ruled that, the practice constituted both infringement and dilution.

The infringement test in dilution cases is whether there exists a likelihood of confusion, but the U.S. law on dilution does not require any similarity of the goods/services involved.

Sec. 43(c) sets out a non-exhaustive list of factors which should be considered in deciding if a mark is both distinctive and famous:

- 1) the degree of inherent or acquired distinctiveness of the mark;
- 2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
- 3) the duration and extent of advertising and publicity of the mark;
- 4) the geographical extent of the trading area in which the mark is used;
- 5) the channels of trade for the goods or services with which the mark is used;
- 6) the degree of recognition of the mark in the trading areas and channels of trade the mark's owner and the person against whom the injunction is sought;
- 7) the nature and extent of use of the same or similar marks by third parties, and
- 8) whether the mark is federally registered.

Exceptions to dilution are: fair use of a mark by a commercial competitor, non-commercial use of a mark and all forms of use in news reporting and commentary (43(c)(4)).³⁰² The statute provides no guidance as to the relative weight that a court should give each factor. Moreover, this list is not exclusive, and courts are free to conclude that a mark is famous despite having not evaluated any of these factors.³⁰³

To demonstrate a dilution claim, a plaintiff must prove that:

- 1) He/she owns a famous mark;
- 2) The defendant is commercially using a trademark or trade name in commerce;
- 3) The defendant's use began after the plaintiff's mark became famous; and
- 4) The defendant's use dilutes the distinctive quality of the trademark owner's mark.³⁰⁴

If a trademark dilution plaintiff prevails, it will be entitled to injunctive relief. Although there is no absolute right to any additional remedy, if the plaintiff can demonstrate either that the defendant willfully intended to trade on the plaintiff's

³⁰¹ *Coca-Cola Co v. Gemini Rising Inc*, 346 F Supp 1183 (EDNY 1972).

³⁰² Frederick W. Mostert, *Id.*, pp. 429-431 and 453.

³⁰³ F. Lawrence Street and Mark P. Grant, *Id.*, pp. 448-449.

³⁰⁴ Sec. 15 U.S.C., para. 1125(c)(1).

reputation or that the defendant willfully intended to cause dilution of the famous mark, the plaintiff may also be entitled to all of the other remedies provided for in general remedy sections of the Lanham Act, including the defendant's profits, the plaintiff's damages, treble damages, costs, reasonable attorneys' fees, and the destruction of any infringing articles.³⁰⁵

Steve Hartman states that the dilution doctrine in the U.S., as it has evolved, has lost sight of the economic interest to be protected. As mentioned above, the Lanham Act defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services..."³⁰⁶ But the question is: What does it mean to say that the brand-differentiating capacity of a famous mark is lessened and how can the lessening be shown? Not every use of a mark by another is dilutive. If this would be the case, the standard for dilution would be strict liability, which it is not. What Hartman means is since there is no strict liability when using a famous mark in the U.S., the outcome of a judgement is not foreseeable and the economic interest of the famous mark to be protected are endangered.

5.3 Enforcement: Protection of Well-Known Marks under the European Community Legislation

Similar to the protection provided under the Paris Convention and the TRIPS Agreement, the enforcement provisions under the European Community legislation do not specifically protect well-known marks. Instead, trademarks in general are discussed.

The possibility for the seizure of pirated and counterfeit goods through the border measures has become a matter largely for E.U. legislation. Due to the principle of free movement of goods within the E.U., customs controls between the Member States have been dismantled.³⁰⁷ The initial legislation, Regulation 3842/86 became fully effective only after a long period, and in several countries of the E.U., a national court order had to be obtained before the regulation could become operative.

The European Regulation 3295/94/EC on Suspensive Procedures for Counterfeit and Pirated Goods

³⁰⁵ F. Lawrence Street and Mark P. Grant, *Id.*, p. 449.

³⁰⁶ Sec. 45, 15 U.S.C. para. 1127 (1996).

³⁰⁷ W.R. Cornish, *Id.*, p. 64.

Community law lays down rules to prevent counterfeit and pirated goods from being placed on the market. Specific measures for the seizure of counterfeit goods are incorporated in the European Regulation 3295/94/EC on Suspensive Procedures for Counterfeit and Pirated Goods.³⁰⁸ According to the second recital in its preamble, the aim of the Regulation is to prevent, as far as possible, counterfeit and pirated goods from being placed on the market.

Measures proposed under the Regulation 3295/94/EC proved to be insufficient in permitting adequate cooperation between customs administrations in the specific fields of surveillance and detection of criminal activities. As a consequence, guidelines for the application of risk analysis to the fight against counterfeit goods and commercial piracy are being studied.³⁰⁹

The scope of Regulation 9295/94/EC was extended by a Council Decision of January 1999 and by Regulation 241/99, which entered into force on July 1, 1999. The provision now covers all situations in which counterfeit or pirated goods may be found. The extension of the measure's scope should lead to an increase in seizures of goods and, as a consequence, of criminal enquiries.³¹⁰

Under Art. 3 of the Regulation, the holder of a trademark, copyright or neighboring rights, or a design right may lodge an application in writing with the competent service of the customs authority for action by the customs authorities in respect of goods which he suspects of being counterfeit or pirated. That application is to be accompanied by a description of the goods and proof of his right. It must also specify the length of the period during which the customs authorities are requested to take action. The holder of the right must, in addition, provide all other pertinent information to enable the customs authorities to take a decision in full knowledge of the facts without, however, that information being a condition of admissibility of the application. That application is then dealt with by the competent service which is forthwith to notify the applicant in writing of its decision.

There is a limit on the amount of information which can be demanded from rightholders. Once pirated or counterfeit goods are identified in accordance with the notification, the Customs authority will refuse to release them to the importer. The rightholder owes the Authority a duty to secure it against any liability or expense.³¹¹

³⁰⁸ Council Regulation (EC) No. 3295/94 of 22 December 1994, Laying Down Measures to Prohibit the Release for Free Circulation, Export, Re-Export or Entry for a Suspensive Procedure of Counterfeit and Pirated Goods.

³⁰⁹ "Customs Policy: Strategy to Combat Counterfeiting," European Information Service, <http://www.findarticles.com>.

³¹⁰ *Id.*

³¹¹ W.R. Cornish, *Id.*, p. 64.

The customs authority may also, before an application by the holder of the right has been lodged or approved, detain goods of its own accord where, in the course of checks made under one of the customs procedures it is clear to the customs office that goods are counterfeit or pirated.³¹²

Case C-223/98 Adidas AG³¹³

It has to be pointed out that the *Adidas case* does not concern the protection of well-known marks. It is just an example of the proceedings in the national customs according to Regulation 3295/94 and where a well-known mark is subject to counterfeited goods.

The case concerned the well-known Sportswear Company Adidas, the holder in Sweden of a trade mark for various sports articles, sports wear and leisure wear. Adidas brought an action in the law courts against the refusal of the Arlanda customs office to disclose to it the identity of the consignee of goods suspected of being counterfeits of Adidas brands. The customs office's refusal had been justified on the grounds of Swedish legislation on the protection of confidential information, which provides that information concerning an individual's personal or financial circumstances which is obtained in the course of a customs inspection, is to be kept confidential. An exception is made for information not causing any damage for the individual concerned.

Kammarrätten in Stockholm, Sweden, asked the ECJ for a preliminary ruling on the interpretation of Regulation No. 3295/94. The ECJ was asked to clarify whether Community law precludes national legislation which prevents the disclosure of such information that may result in damage for the individual concerned.

The Court stressed that the essential function of the Community legislation in question is to prevent counterfeit and pirated goods from being placed on the market.³¹⁴ Effective application of that legislation depends on the information supplied to the holder of the intellectual property right who is seeking to prevent counterfeit or pirated goods from being put into circulation.³¹⁵ If the identity of the declarant and/or the consignee of the goods cannot be disclosed to him, it will be impossible for him to refer the case to the competent national authority.³¹⁶ Nevertheless, the Court pointed out that the holder of the right might only use the information disclosed by the customs office in order to make a reference to the national authority capable of prohibiting the goods in question from being put into

³¹² Art. 4 of the Regulation.

³¹³ Case C-223/98, Adidas AG, (Judgement of the Court, 14 October 1999).

³¹⁴ Para. 3 of the case.

³¹⁵ Para. 9

³¹⁶ Para. 27.

circulation. If the holder uses the information for other purposes, he may incur liability for any damage suffered.³¹⁷

³¹⁷ Para. 29.

6 The Protection for Well-Known Marks on the Internet

6.1 Introduction

Cyberspace raises a variety of thought-provoking trademark and trademark-related issues. Trademark disputes have arisen more often than any other type of litigation over the Internet. In the past, as indicated above, it was possible for confusingly similar marks to exist in different geographical areas without any conflict or harm. Many of the disputing parties did not know of the existence of their mark competitor before the Internet medium. Companies are now using the World Wide Web to do business due to its easy and cost-effective way of advertising and sale. This fact, does lead to many conflict possibilities and therefore, we should expect much more litigation all over the world than before. One good example is a case where an Italian company had the right to use the mark *Playmen* in Italy, but as soon as the company used the name on an Internet server located in Italy, the U.S. federal court stopped the company with a court order because of the confusion with the *Playboy* mark.³¹⁸

The issue that has gotten, and continues to get, the most press coverage is the domain name controversy. The allocation of domain names on a “first come, first serve” basis has caused and still causes trademark proprietors to be excluded from the use of their trademarks as their domain names. In general, two types of disputes exist. The first type concerns the protection of domain names as trademarks and the second the registration of domain names that involves someone else’s trademarks. *eCompanies* paid for instance 7.5 million \$ for the domain name *Business.com* as late as 1999. The same year, *Compaq* paid 3.3 million \$ for the domain name *AltaVista.com*. DomainMart lists “billgates.com” for sale for 1 million \$. Bill Gates has a point by saying: “Perhaps I should be flattered that somebody imagines the name is worth so much, especially since my parents gave me the same name 42 years ago for free.”³¹⁹

Furthermore, the asking price for *America.com* is 30 million \$, so on and so forth.³²⁰ Kevin Meek, a partner at the law firm Baker Botts in Dallas, states:

“In cases where two parties have legitimate claims to a domain name, buying out the competition has become a cost of doing business”. Companies are thinking of domain

³¹⁸ See *Playboy Enterprises v. Chuckleberry Publishing, Inc* (939 F. Supp. 1032 (S.D.N.Y. 1996).

³¹⁹ [Http://www.domainmart.com](http://www.domainmart.com).

³²⁰ “What’s it Worth?,” Junget, C, Rayasam, R and Ross, F, Smartbusiness Magazine, April 2001, p. 71.

names as a commodity to be traded, and that's working out behind the scenes in spite of all the organizations that try to regulate this. We do domain name deals all the time."³²¹

The forthcoming chapters of the thesis will consider the role of WIPO in the domain name sphere, in particular within the protection of well-known marks and cybersquatting. The Internet Corporation for Assigned Names and Numbers' (ICANN) Domain Name Uniform Dispute Resolution Process (UDRP) will be briefly discussed and finally, there will be some reflections about the new gTLDs selected by the ICANN Board at its meeting on 16 November, 2001. What are the consequences for the well-known mark holders and what are the reactions?

6.2 The Final Report of the WIPO Internet Domain Name Process (the WIPO Report)³²²

6.2.1 Background

The White Paper³²³

The WIPO Report represents a high level discussion paper which address the issue of Internet domain name registration and control. The WIPO Report arose primarily out of a White Paper published by the U.S. Government entitled "Management of Internet Names and Addresses." The White Paper called upon WIPO to:

"initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, to:

- Develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cybersquatting (as opposed to conflicts between trademark holders with legitimate competing rights);
- Recommend a process for protecting famous trademarks in the generic top level domains; and
- Evaluate the effects, based on studies conducted by independent organisations (...) of adding new generic top level domains and related dispute resolution procedures on trademark and intellectual property holders."³²⁴

³²¹ "Radar, New Domains, New Headaches," by Thomas Claburn, Smartbusinessmag.com, April 2001, p. 34.

³²² "The Management of Internet Names and Addresses: Intellectual Property Issues," Report of the WIPO Internet Domain Name Process, April 30, 1999 (<http://wipo2.wipo.int>).

³²³ "Statement of Policy on the Management of Internet Names and Addresses," issued on June 5, 1998 by the National Telecommunications and Information Administration (NTIA).

³²⁴ A copy of the White Paper is available at U.S. Department of Commerce, National Telecommunications and Information Administration <http://www.ntia.doc.gov/ntiahome/domainname/domainhome.htm#3>.

The Role of WIPO

WIPO initiated such an inquiry after approval by each of its Member States in July 1998. In addition to the above terms of reference provided by the White Paper, WIPO also examined how disputes between domain names and intellectual property rights could be reduced. The WIPO Internet Domain Name Process was finalized on April 30, 1999 with the publication of the Final Report.

ICANN³²⁵

Until the formation of ICANN in 1998, the essential technical coordination functions of the Internet was handled by the U.S. Government, its contractors such as IANA and Network Solutions Inc. (NSI) and volunteers on an Ad. Hoc basis.³²⁶ Based on a need for change in the DNS, the U.S. Government in 1998 called for a privatization of the DNS.³²⁷

The White Paper resulted in the creation of ICANN, which was formed as a non-profit private sector corporation. ICANN's responsibility is, according to Vinton Cerf - the current Chairman of the Board, quite limited. It is only responsible for dealing with the procedures for allocating IP addresses and the practices and procedures for delegating the responsibility for domain names and their registration.³²⁸ ICANN is located in Los Angeles, California.

Regarding cyberpiracy, the White Paper recommended that those parties in a dispute be required to submit to alternative dispute resolution and proposed formation of a non-profit corporation to provide Internet governance. On June 12, 1999, the Domain Name Supporting Organization (DNSO) branch of ICANN formed a working group to consider WIPO's recommendations regarding a dispute resolution policy. On the basis of the White Paper, ICANN adopted in August 1999 the UDRP (see below).³²⁹

³²⁵ [Http://www.icann.org](http://www.icann.org).

³²⁶ "Domain Name Governance: Challenges Facing ICANN" by Neal S. Greenfield, Trademark Law & the Internet, INTA October 2000, Supplement, pp. 3-4.

³²⁷ "Statement of Policy on the Management of Internet Names and Addresses" (the White Paper), June 5, 1998.

³²⁸ "New Chairman Seek Limitations on ICANN's Governance," by Stephen Hoare, International Internet Law Review, Dec 2000/Jan 2001, pp. 13-16.

³²⁹ Binding on all ICANN accredited domain name registrars.

6.3 Well-Known Marks within the WIPO Report

6.3.1 Introduction

Yet, a special provision for the protection of well-known marks on the Internet does not exist. Art. 6 of the WIPO Joint Recommendation for the Protection of Well-Known Marks covers conflicts between well-known marks and domain names, but the provisions contained are only guidelines and therefore not enforceable.³³⁰ This provision was subject to controversial discussions, where some held that these questions should be discussed in the context of the use of trademarks on the Internet instead.

The Final Report of the WIPO Internet Domain Name Process³³¹ is (or rather was) a document containing recommendations for ICANN when adopting a dispute-resolution policy and procedure available for domain name disputes in all gTLDs (Generic Top Level Domains). Chapter 4 in the Final Report concerns well-known marks, considered by WIPO to be a special target of predatory and parasitical practices, in particular the abusive domain name registration.³³² WIPO ICANN to implement an exclusion system for some or all gTLDs for the name of the mark where it is well-known on a widespread geographical basis and across different classes of goods and services. This would, according to WIPO, prohibit any person from registering the well-known mark as a domain name.

Closely linked to the well-known marks are the gTLDs, which are discussed in chapter 5 (“New Generic Top-Level Domains”) of the WIPO Report. According to WIPO, abusive domain name registrations in gTLDs has led to consumer confusion and an undermining of public trust in the Internet.³³³ In the Report WIPO therefore is stated that:

“...It is believed that the introduction of new gTLDs may be envisaged on the condition that the recommendations of the WIPO Final Report with respect to improved registration practices, dispute resolution and an exclusion mechanism for famous and well-known marks are adopted, and on the further condition that any new gTLDs are introduced in a slow and controlled manner that allows for experience with the new gTLDs to be monitored.”³³⁴

³³⁰ Though, Courts already take the WIPO Recommendation into consideration, see for instance the Domain Name case in China *IKEA v. Beijing Information System Co Ltd*, 1999. (see more detailed below).

³³¹ April 30, 1999.

³³² The Wipo Report, p. 8(vii).

³³³ *Id.*, p. 8(x).

³³⁴ *Id.*, p. 8(xii).

The next chapter will focus on Chapter 4 of the WIPO Report: “The Problem of Notoriety: Famous and Well-Known Marks.” It has to be emphasized that ICANN did not implement the WIPO recommendations under this chapter. Consequently, the special group of trademarks, the well-known marks, is not a part of the UDRP of ICANN. Instead, they are protected like every other trademark. Having said that, the WIPO recommendations for a uniform approach to resolve well-known marks/domain name disputes involving cyberpiracy will be discussed briefly.

6.4 Mechanism for Exclusion of Famous and Well-Known Marks in Open gTLDs

6.4.1 The Interim Report³³⁵

In the WIPO interim Report it was recommended that the international norms for the protection of famous and well-known marks should be given expression in the Domain Name System (DNS) through a mechanism whereby the owner of a well-known mark could obtain an exclusion prohibiting any third party from registering the mark as a Domain Name.³³⁶ This mechanism is, according to the Report, supposed to be established before the introduction of any new open gTLD.

This was widely supported in the commercial and IP sectors but others found this idea protectionist since they feared the erosion of the DNS through the removal of large numbers of names. They also had the opinion that the owners of well-known marks had sufficient resources to defend their interests.³³⁷ Another opinion was that an applicant could be required to show 60 trademark registrations, which would destroy the whole idea of that a mark is well-known because of its reputation. The suggestion of having a quota-system with no more than 2000 exclusions was not good either, since it could be a bit arbitrary when deciding the level of the quota. And also what about the new marks that suddenly attain a well-known status?

6.4.2 The Implementation of Protection for Well-

³³⁵ The third and last stage of the WIPO Process, which was open for comments (WIPO RFC-3) by governments, intergovernmental organizations, professional associations, corporations and individuals.

³³⁶ *Id.*, para 248.

³³⁷ Mr. Jonathan Weinberg, Trademark Reporter, CommerceNet, National Post and Telecom Agency, Swedish Government, Singapore Network Info Center and the Italian Naming Authority among others.

Known Marks in Cyberspace 338

There are four areas of conceptual difficulty protecting well-known marks in respect of domain names. Obstacles are therefore raised.

- Domain names are not the same thing as marks and are used for many purposes other than the identification of a producer/seller of goods/services. Domain names are also used as a *means* of identifying goods and services with the producer/seller of those goods;
- The protection for well-known marks under the Paris Convention and the TRIPS Agreement extends to those countries where the competent authority considers that the mark is well-known. There are no such limits for the gLTDs;
- Yet, there is no established treaty definition of what constitutes a well-known mark;
- As has been described above, the protection of well-known marks exists often only in respect of the registration or use of a confusingly similar mark in relation to the same goods/services as those for which the well-known mark is registered or used. Thus, one can have a domain name registered in .com without undertaking any commercial activity.

6.4.3 The Mechanism for Exclusion of Well-Known Marks

It was recommended by WIPO that a mechanism should be established before the introduction of any new gTLDs. Owners of well-known marks would therefore obtain exclusions for their marks and the problem with cybersquatters would be more or less solved. This mechanism should function by way of a centralized administrative panels of experts. WIPO would be available to provide the centralized administration of the mechanism. The holder of a well-known mark would bear the costs for his/her application.³³⁹

The determinations on granting or refusing exclusions of well-known marks would not be binding either on national or regional industrial property offices or national courts.³⁴⁰ Decisions on applications for exclusions of well-known marks would be taken on the basis of Art. 2 of the WIPO Joint Recommendation.³⁴¹

³³⁸ The WIPO Report, paras. 258-261.

³³⁹ *Id.*, paras. 276, 279(iii).

³⁴⁰ *Id.*, para. 281.

³⁴¹ *Id.*, paras. 283-286.

A study of the protection of names, brands and marks on the Internet was commissioned by Marques³⁴² with 60 people³⁴³ from 24 different countries. 80% thought that there should be special measures for the protection of well-known trademarks. 69% thought that it was very important that this protection should be linked with the Paris Convention and the TRIPS Agreement. Two thirds thought that it was important to have an open process to determine qualification for protection as a well-known mark and that there should be procedures to cancel such protection.³⁴⁴

6.5 Well-known marks/Trademarks in respect of Domain Names

6.5.1 Introduction

A particularly problematic issue regarding use as a trademark is the use of a domain name on the Internet merely as an address for locating a homepage, but where the domain name is not visually emphasized as a trademark or service mark in or outside the Internet the Internet sphere. The domain name is just printed in small print on letterheads, business cards or in advertisements, with the essential purpose of enabling contact to be established on the Internet. In this respect, use of the domain name is comparable with the use of a telephone number or address, which does not generally amount to use in a trademark sense. Yet on the other hand, during this kind of use domain names are not only means of locating their users but also of identifying them.

Hence, domain names fulfill a two-fold function:

- They are addresses and marks at the same time. A Company's presence on the Internet starts with its domain name, which is an important corporate identifier - a symbol of the company's goodwill and recognition in the marketplace. In contrast to the random sequence of digits in a telephone number, domain names are not random constellations of letters, but are chosen consciously by their users so that they relate back to the user's own company or commercial sign, or constitute another short and easily remembered term.

Originally, domain names were intended to play a purely technical role in a manner that was convenient to the Internet users.³⁴⁵ But in reality domain names

³⁴² "Intellectual Property on the Internet," A Report commissioned by Marques, the Association of European Trademark Owners, November 1998.

³⁴³ The majority of respondees were Directors, Head of Trademark Departments or Partners of law firms specializing in Intellectual Property.

³⁴⁴ Marques, p. 5.

³⁴⁵ The WIPO Report, p. 12.

have come to have a supplementary existence as personal or business identifiers - an additional significance which is connected with the name or mark of a business or its product or services. Users regularly attempt to guess a company's Internet location by typing in the name of the company together with the .com top-level domain. This means that a key element for a company of an on-line marketing strategy is to obtain an easily ascertained domain name.

Vinton Cerf, the Chairman of the Board of ICANN, admits that they made a bad tactical mistake by giving such a prominence to the Uniform Resource Locator (URL). The domain name of the target web server is incorporated in the URL, by which everyone can be told where a certain website is. Cerf states, that as soon as people thought of that as a means of pointing to a website, they immediately bound that with the name of things and started registering product names and trade marks as domain names. "This runs foul of one important feature of trademarks and domain names. Domain Names have to be unique."³⁴⁶

However, originally, merely reserving a domain name did not constitute a use as a trademark. In situations where a domain name holder was not selling goods or services, a registered trademark holder that was precluded from using its trademark as a domain name was left with no legal recourse.³⁴⁷

Apparently, there is an inherent collision between the way trademark law-and the domain name systems have worked. Questions that arise are for example:

- Is a domain a trademark?;
- When does the use of a domain name infringe trademark rights?; and
- What can a company do if someone else registers that company's name or trademark as a domain?

The traditional doctrine of trademark law is one of territoriality, which means that a trademark has a separate existence in each sovereign territory in which it is registered or legally recognized as a mark. Most companies are rational, guided by a cost-benefit analysis, and cannot therefore justify the large trademark registration and maintenance expenses. Thus, a well-known mark may not be registered and protected in every nation around the world for every product or service, which of course opens the door for trademark pirates to rush in to register others' trademarks. This is the first and most obvious problem: cybersquatting. Misspelling popular brands is the second problem.

The increase of disputes over the use of trademarks/well-known marks on the Internet is a threat to e-commerce. Davis Front already suggested in 1997 that

³⁴⁶ "New Chairman Seek Limitations on ICANN's Governance," by Stephen Hoare, *International Internet Law Review*, Dec 2000/Jan 2001, p. 15.

³⁴⁷ "A Solution to the Problem? Trademark Infringement and Dilution by Domain Names: Bringing the Cyberworld in Line with the 'Real' World" by Jennifer R. Dupre, *The Trademark Reporter*, Vol. 87, p. 613.

the establishment of a “Cybermark” might reduce the confusion.³⁴⁸ Nonetheless, there appears to be a reluctance to regulate the Internet in a way similar to that of trademarks, at least on the part of the WIPO panel of experts. The trademark system has been in place and effective for hundreds of years.³⁴⁹

6.5.2 Cybersquatting

There are cases where Internet participants, with a degree of entrepreneurial spirit, have registered domain names where very often the name is the same as or very similar to the trading name or registered trade mark of a company that is well-known. Generally the intent has been to do one of two things. One option might be to offer it to the owner of the registered trade mark or trading company in return for some payment. Alternatively, if it is a name that is similar to the well-known name, such as porschegirls.com, the intention might be to use the domain name in an effort, not necessarily to confuse, but to draw people to the site. Moreover, cyberpirates may use domain names to divert Internet traffic to their web sites, which may promote feature pornographic material, further damaging the goodwill of the mark. The name that has been given to this type of activity is “domain name hijacking” or more commonly “Cybersquatting” and it has been and still is a growing menace and an impediment to conducting e-business.

McDonalds.com

In 1993, an explosion of requests for the assignment of domain names occurred. On 2 October 1995, the *Wall Street Journal* said that domain names “are potentially of immense value as the Internet becomes a fundamental part of the American--and world—economy.” The business world agrees with this assessment. The rush to acquire domain names that incorporate trademarks, product names or market segments is evidence that business users are concerned with the market value of domain names. The first publicly identified trademark problem involved McDonald’s Corporation. A reporter for *Newsday*, Josh Quittner, telephoned McDonald’s corporate headquarters and found that the company had not registered “mcdonalds.com.” He then registered that name, identified himself as “RonaldMcDonald.com” and wrote a tongue-in-cheek article

³⁴⁸ Street, F. Lawrence and Grant Mark P, *Id.*, p. 438. Front, David, “‘Cybermark’ Would solve Domain Name Conundrum; Advertising Can Be No Broader Than Trademark Registration,” 2 *Electronic Info., Pol’y&L. Rep.* (BNA) 171, (Feb. 7, 1997).

³⁴⁹ “*The Domain Name System – Act Now or Regret Later*,” by Jay Kaufman, *Trademark World*, September 1999, p. 3.

in *Wired Magazine*.³⁵⁰ As early as in May 1994, Mr. Quittner found out that only one-third of the Fortune 500 famous marks had registered an obvious version of their names. That left more than 50 percent of the Fortune 500 names still available to first-comers. Those included for instance Kellogg, Coca-Cola, and even Coke. Quittner describes:

“I wondered how long it would take 2.5 InterNIC people to process my application for mcdonalds.com. Not very, it turns out. About two weeks later, after filling out the Net-available domain-name application form, I got e-mail notification from domreg@internic.net: ‘Registration for the domain MCDONALDS .COM has been completed. The InterNIC database has been updated.... The new information will not be visible via WHOIS until the next business day... My fingers trembled, as if ripping open a Big Mac. I checked: \$whois mcdonalds.com Domain Name: MCDONALDS.COM Administrative Contact: Quittner, Josh quit@newsday.com. Oh, that’s McCool. I feel like McPrometheus. I have stolen McFire.’”³⁵¹

McDonald’s Corporation was not amused but settled the dispute amicably by making a donation to a school in New York City, while Quittner released the domain name to the company.

Inter IKEA System B.V. v. Beijing Information System Co Ltd (CINet)³⁵²

The Swedish furnishing company IKEA is a distinctive and well-known mark, originated by a Swedish Ingvar Kamparyd in 1947. “IKEA” is an acronym of his name and his hometown “Elmtaryd Agunnaryd.” The mark has been used as the name of 155 specialist chain stores in 29 countries including two specialist stores in Beijing and Shanghai, China. On 21 September 1999, Inter IKEA System B.V., instituted a landmark lawsuit against CINet regarding the pre-emptive registration of “*www.ikea.com.cn*” by CINet. CINet had registered several thousand domain names, including Boss, Cartier, DuPont, Rolex and Carlsberg, which had not been used.

By considering the factors that should be considered in the determination whether a mark is well-known according to Art. 16(2) of the TRIPS Agreement (the knowledge of the mark among relevant Chinese consumers) and Art. 2 of the WIPO Joint Recommendation, the Court declared that the mark *IKEA* is a well-known mark. Furthermore, the use by CINet of the *IKEA* mark would mislead general consumers to assume that CINet was the owner of the mark, or that there existed an economic link between CINet and *IKEA*. Therefore, the Court stated, CINet would unjustifiably take advantage of the goodwill and high reputation associated with the well-known mark *IKEA*, thus harming the legitimate rights and benefits of *IKEA*.

³⁵⁰ “*Billions Registered*” by Joshua Quittner, *Wired Magazine*, 2.10 – Oct. 1994.

³⁵¹ *Id.*

³⁵² Beijing No 2 Intermediate People’s Court, September 21, 1999.

Moreover, due to the uniqueness of the assignment of domain names, CINets pre-emptive registration could block IKEA from registering and thus deprive it of the right to conduct business through the registering and use of the mark on the Internet. This could jeopardize fair competition in the market and harm the legitimate rights and benefits of IKEA. Finally, due to the registration of the domain names of a large number of other well-known marks, the court considered that CINet was in bad faith. According to the court, the act of cybersquatting of well-known marks violated the principle of honesty and credibility in market competition as stated in para. 1, Art. 2 of the Chinese Anti-Unfair Competition Law. The Court ordered the name to be stopped for use immediately and cancellation of the registration ten days after the judgement. CINet had to pay the Court fee of \$120, as well.

U.S. Anti-Cybersquatting Consumer Protection Act³⁵³

On November 29, 1999, President Clinton signed the Anti-cybersquatting Consumer Protection Act, which provides civil liability for the bad faith registration or use of the trademark or service mark of another as an Internet domain name. The Act is aimed at combating the problems of cybersquatting. The Act provides for a trademark owner to recover statutory damages, after proving to a court that their trademark name was registered by someone as a domain name to sell it back, expensively, to its rightful owner. The legal remedies available to trademark owners to prevent cyberpiracy are both expensive and uncertain, but the civil penalties are not less than \$1000 and not more than \$100,000. This is amongst the first legislation dealing specifically with cybersquatting.³⁵⁴

Interestingly enough, the purpose of the Act is to provide a “measured and balanced response” to the “problems faced by owners of famous marks when dealing with the issue of domain names.” First, the owner must prove that the domain name holder has a “bad faith intent to profit” from that mark. Second, the owner must demonstrate that the person “registers, traffics in, or uses a domain name” in a way that harms the owner’s commercial interests. In the case of a “distinctive” mark, the owner must show that the domain name is “identical or confusingly similar” to its mark. In the case of a famous mark, the owner need only show that the domain name is “dilutive” of its mark.

In causes of action for trademark dilution, courts state that the act of registering a domain name with the intent to sell it to the trademark owner constitutes a

³⁵³ “A Guide to the Anticybersquatting Consumer Protection Act,” by Jonathan M. Eisenberg, *Journal of Internet Law*, March 2000
(http://www.gcwf.com/articles/journal/jil_march00_1.html)

³⁵⁴ *Id.*, p. 13

commercial use of the name. As earlier mentioned, the Trademark Dilution Act, however, is expressly limited to “famous” trademarks, while the new Act provides a cause of action for the owners of “distinctive” “ordinary” marks as well. The Act also makes clear that the domain name need not be identical to the trademark at issue, but can be “confusingly similar” to the mark.

6.5.3 The Uniform Dispute Resolution Process (UDRP)

The UDRP is the result of broad and thorough international consultation conducted through the WIPO Internet Domain Name Process and ICANN’s own review mechanism. All accredited domain name registrars are approved by ICANN in the .com, .net, and .org top-level domains and they follow the UDRP which was adopted on October 24, 1999. Under the policy, domain name disputes must be resolved by agreement, court action, or arbitration before an approved Registrar will cancel, suspend, or transfer a domain name.

Approved Dispute-Resolution Service Provider

Cybersquatting might be addressed by expedited administrative proceedings, which a mark holder initiates by filing a complaint with an “approved dispute-resolution service provider.” These are:

- WIPO (www.arbiter.wipo.int);
- Disputes.org/eResolution Consortium (www.eresolution.ca);
- CPR Institute for Dispute Resolution in New York (www.cpradr.org);
- The National Arbitration Forum (NAF) (www.arbforum.com/domains).³⁵⁵

These agencies provide for on-line filing as well as delivery of judgements. An experienced panel of arbitrators are selected to deal with these disputes.

A research has been done in order to find out under which of those four organizations, a trademark holder is more likely to gain back his/her domain name.³⁵⁶ It was found that both WIPO and NAF tend to interpret the UDRP in ways that favor trademark holders over the Internet users, whereas decisions by eResolution tend to adhere more closely to the strict language of the policy.

³⁵⁵ “*What’s in a Name?*” By Orijit Das, International Internet Law Review, July-August 2000, p.11.

³⁵⁶ By Prof. Milton Mueller at the Syracuse University in the U.S. “*Radar, New Domains, New Headaches,*” by Thomas Claburn, Smartbusinessmag.com, April 2001, p. 32.

Despite the UDRP, in the absence of domestic specialized legal regimes dealing with domain names, traditional rules of trademark laws are used to resolve the domain name cases. Courts in several jurisdictions have held that the function of a domain name is similar to a trademark. Similar to the purpose of the U.S. Anti-cybersquatting Consumer Act, the Bombay High Court in India ruled that Internet domain names are of importance and can be a valuable corporate asset.³⁵⁷

Advantages and Disadvantages

The time for processing each case should normally be completed within 45-50 days from the date WIPO Arbitration and Mediation Center receives the complaint. The average time has proved to be been 35 days. A case involving between one and five names can be decided, upon request by the parties, by a single panelist or by three panelists. The fee for a single panelist is \$1000, and for three \$ 2500.³⁵⁸

In order to pursue a claim under the UDRP, three conditions must be met. These include:

- The domain name must be identical or confusingly similar to the complainant's registered or unregistered trademark;
- The registrant must have no legitimate interest in the domain name; and
- The domain name must have been registered and used in bad faith.³⁵⁹

However, the UDRP has its shortcomings. The policy does not deal with situations where two or more brand owners have legitimate competing claims to a domain name.³⁶⁰ It fails to cover country code TLDs (.tm.se). Instead, the ccTLDs are regulated by the country registries.³⁶¹ The UDRP has been criticized both by trademarks and domain name holders. Some trademark owners complains that the focus of UDRP is too narrow and domain name holders think that it favors trademark owners, since they prevail over domain name holders in many cases.³⁶² Furthermore, the factors listed are limited in scope and other circumstances should be taken into account. These should include, for instance, the strength of the mark, good faith registration, and whether a well-known mark owner, who did not oppose at the time of registration, is trying to trump domain

³⁵⁷ The Rediff case, *Id.*, p. 12.

³⁵⁸ "WIPO's first virtual case," by Simon Morgan, *International Internet Law Review*, March 2000, p. 3.

³⁵⁹ Art. 4(a)(i),(ii) and (iii) of the UDRP Policy.

³⁶⁰ In such cases, litigation is still necessary.

³⁶¹ It should be mentioned that country registries may voluntarily adopt ICANN's UDRP.

³⁶² Street, F. Lawrence and Grant Mark P, *Id.*, pp. 471-472. Of 327 disputes decided under the policy, 74 % resulted in favorable outcomes for trademark owners (May 19, 2000).

name rights. Finally, the decisions are made by various panellists, which may create inconsistency within the domain name practice³⁶³

6.5.4 WIPO Arbitration and Mediation Center

Being an approved dispute-resolution service provider, 2316 gTLD cases were filed, and a total of 1859 gTLD were completed by the end of March, 2001.³⁶⁴ 1192 were transferred and 273 complaints were denied. The country code TLD (ccTLD) cases were 29 in total, out of which 21 were completed. As of April 18, 2001, the majority of filed complaints are domiciled in the U.S., followed by the UK, Spain, Germany and France. The majority of the respondents are domiciled in the same countries with the exception of Republic of Korea³⁶⁵ and Canada. The filing of cases do not seem to decrease so far. Despite the increase in workload for the Arbitration and Mediation Center of WIPO, stronger rules should not be implemented at the registration stage to deter potential cybersquatters. WIPO would not want to see cumbersome conditions introduced that slowed down the rate of increase in the use of Internet or that limited the availability of the Internet.³⁶⁶

Below are recent cases where the WIPO Panel *ex officio* considered the fact that a mark is well-known, by referring to Art. 6bis of the Paris Convention, Art. 16(2) of the TRIPS Agreement.

Veuve Clicquot v. Intercosma SA and Reynald Katz Perfumes³⁶⁷

Veuve Cliquot Ponsardin is the owner of the well-known registered and used trademark *Veuve Cliquot*, which champagnes currently are sold in more than 120 countries worldwide. The owner has used trade names and trademarks consisting of the term Veuve Cliquot in various forms and combinations since 1772. Reynald Katz Perfumes registered the website “*Veuvecliquot.com*” and “*Veuvecliquot.net*” by Network Solutions, Inc.

The Panel stated that the name and trademark Veuve Cliquot is world famous and well-known within the meaning of Art. 6bis of the Paris Convention and Art.

³⁶³ “Uniform Dispute Resolution Policy” by Lisa E. Cristal, Trademark Law&the Internet, INTA October 2000, Supplement, pp. 50-51.

³⁶⁴ <http://arbitrator.wipo.int/domains/statistics/results.html>

³⁶⁵ The Republic of Korea had only one complaint filed, but 24 respondents.

³⁶⁶ Mr. Francis Gurry, Assistant Director General, Office of Legal and Organization Affairs and WIPO Arbitration and Mediation Center.

³⁶⁷ WIPO Case No. D2000-0469, decision by July 19, 2000.

16(2) of the TRIPS Agreement. Having stated that, as such, likelihood of confusion was raised in the public between the two companies. The respondents had no legitimate interest in the domain name. The fact that the website at *Veuvecliquot.com* was dedicated to fashion, gourmet food and fragrances indicated that the respondents were diluting the famous trademark by diverting webtraffic to its own website for profit. Since RKC.NET had registered another well-known champagne brand (*Louisroderer.net*), it was believed that the names had been registered and used in bad faith by the respondents. The domain names were transferred to Veuve Cliquot Ponsardin, pursuant to para. 4(I) of the UDRP policy.

PepsiCo, Inc., v. Diabetes Home Care, Inc., and DHC Services³⁶⁸

The complainant (Pepsi Co, Inc.), in the *Pepsi case*, is the manufacturer of the soft drink Pepsi Cola, which was first produced in North Carolina, U.S. in 1898. Pepsi had licensed its trademarks *Pepsi400* and *PepsiSouthern500* to the International Speedway Corporation, which uses them in auto races with these same names. Diabetes Home Care, Inc., and DHC Services in Florida registered the domain name “pepsisouthern500.com” on August 14, 1998 and “pepsi400.com” on September 12, 1998. These domain names were used to sell a variety of products and services, such as pharmaceuticals (including notably diabetic treatment products), web-design and creation services over the Internet.

The Panel ruled, that the domain name was confusingly similar to the trademark of Pepsi. Since Pepsi had registered its trademarks all over the world, produced many articles, including market surveys that had confirmed its mark being one of the world’s “most famous and valuable,” the Panel stated that this was a fact it could corroborate *ex officio*. As far as the bad faith registration and use concerned, the Panel found it obvious that Diabetes Home Care and DHC Services, by register and use the above mentioned domain names, had attempted to “capture some of the immense good will” of the Pepsi mark, as well as had hoped to profit from it.³⁶⁹

The Panel referred to similar cases when stating that the respondents “‘targeted’ Pepsi’s famous mark.”³⁷⁰ Finally, the Panel ruled that the respondents had no rights or legitimate interests in the domain names “pepsi400.com” and

³⁶⁸ WIPO, Case No. D2001-0174, decision by March 28, 2001.

³⁶⁹ Para. 6 in the case.

³⁷⁰ WIPO Case No. D2000-0469, July 19, 2000: *Veuve Clicquot v. Intercosma SA and Reynald Katz Perfumes*; WIPO Case No. D2000-0494, July 25, 2000: *Guerlain S.A. v. HI Investments*; WIPO Case No. D2000-0413, September 18, 2000: *Chanel, Inc. v. ESTCO Technology Group*.

“pepsisouthern500.com” since Pepsi had used the mark for beverages long before the respondents registered them as domain names.³⁷¹

6.5.5 New Developments of WIPO, ICANN and in the Domain Names Field

The following activities below are the latest news within the domain names field:

- The Final Report of the Second WIPO Internet Domain Name Process³⁷² will be published by June-July, 2001 and ICANN adopts the policy;
- The Final Report of the WIPO ccTLD Best Practices for the Prevention and Resolution of Intellectual Property Disputes (the ccTLD Program)³⁷³ will be published by June-July, 2001;
- The multilingual web addresses were introduced at the end of March, 2001 (see below); and
- The introduction of new gTLDs (seven new was selected by ICANN November, 2000 and two will come into operation very soon (see below).

As mentioned above, the Final Report of the Second WIPO Internet Domain Name Process (Second WIPO Process) and the Final Report of the WIPO Country Code TLD Best Practices for the Prevention and Resolution of Intellectual Property Disputes (the ccTLD Program), are the current, ongoing activities within WIPO. Below will follow two other novelties that the trademark/well-known mark owners will have to tackle if not immediately, then very soon.

New gTLDs

On November 16, 2000, seven new gTLDs were selected by the Board of ICANN. Six of the seven gTLDs are restricted and only *.info* is open for the Internet users. The registration of most of these new domains will require documentation, which is good. This means that it is not only to register. This is the first time since the 1980's that new suffixes are added. The seven new gTLD's include:

³⁷¹ Para. 7 in the case.

³⁷² The Second WIPO Process examines the bad faith, abusive, misleading, or unfair use of personal names, International Nonproprietary names (INNs) for pharmaceutical substances, names of interational intergovernmental organizations, geographical indications, indications of source and geographical terms; and trade names.

³⁷³ The objective is to provide assistance to the administrators of ccTLDs in the field of appropriate domain name registration practices, appropriate DRP, to complement traditional court litigation and provision of dipute resolution services through the WIPO Arbitration and Mediation Center.

1) **.biz**: Operated by NeuLevel, and will be restricted for commercial use by businesses. Registrants will be required to certify that the domain name relates to the registrant's business and that it will be used for the same purposes. However, this will not be verified at the time of registration. From late May until the beginning of July 2001, .biz will offer a fee-based service for businesses to submit claims before the application process is opened. From the beginning of July until late September the application process will be open for businesses. Each application costs \$2. Finally, awarded .biz names will become operational in October, 2001.

2) **.info**: Operated by Afilias LLC, and will not be restricted to any particular type of registrant. The end of June until late July, Afilias will offer a "sunrise period"³⁷⁴ of 30 days. Trademark owners prior to October 2, 2000 will be able to register a domain name identical to that trademark as well as prior to the application process is opened. The registrant must provide details of the country in which the trademark is registered and its registration number. The registration will be valid for five years. WIPO will administer a challenge procedure in which any third party may challenge the sunrise period registrations to ensure that they will comply with the applicable requirements. .info domain names will be open to the public by the end of November.

3) **.pro**: Operated by RegistryPro LTD, and will initially be restricted to professionals in medicine, law and accountancy who provide evidence of qualification. Registration will be in the third and second level (.med.pro, .law.pro, and .cpa.pro). Registrations will be expanded later on. A *whois* database for .pro will be publicly accessible and will include details of professional qualification criteria.

4) **.name**: Operated by Global Name Registry LTD. It will be restricted to individuals who want a domain name for personal use (.lastname.name). Registrants are required to certify that there is a relationship between them and the domain name applied for and that the intention is personal use. Otherwise registrations will be on a first-come first-serve basis. A public *whois* database will be available.

5) **.museum**: Operated by Museum Domain Management Association. It will be open to registrants who can show they meet the International Council of Museums' definition of a museum. A *whois* database will be publicly accessible.

6) **.coop**: Operated by the National Cooperation Business Association (NCBA), itself endorsed by the International Co-operative Alliance (ICA). .coop aims to allow Internet users to distinguish between co-operatives and other traditional

³⁷⁴ A period when all national trademark owners can apply through a registrar for a .info domain name corresponding to the trademark.

forms of business within the existing DNS. The first six months will be reserved for NCBA and ICA members only. Maximum six second level domain names can be applied for.

7) **.aero**: Operated by Société Internationale de Télécommunications Aéronautiques SC, and will be restricted to the air transport community. The domain will be expanded later on. Applications will be approved by the Air Name Policy Group (ANPG).³⁷⁵

How the registries will process competing applications by owners of identical registered trademarks in different classes is not known. The gTLDs .biz and .info may be available for registration during the summer 2001.

The reactions vary. Some think cybersquatting would be less of a problem, and even question why stop at seven new gTLDs, finding no good reason not to have 50 or 100 new domains. Surfing would be easier, with shorter addresses to remember and domains themselves would be cheaper.³⁷⁶

Vinton Cerf, chairman of ICANN's Board of Directors, considers the seven new gTLDs a momentous step forward in the continuing evolution of the Internet's domain name system and it is just one step among many in a long process of providing consumers with the benefits of competition through a variety of domain names³⁷⁷

Others, on the contrary, have the opinion that the domain name system is fast running out of space. Kevin Meek states:

"Unfortunately, the new domains won't make for much merriment. The big issue that my clients are worried about is another round of cybersquatting. They already own *companyname.com*, .net, and .org. Now they're going to pay someone for .biz, and dot- whatever."³⁷⁸

Domain Name Registrations in additional languages

Until recently, names have been limited to Roman letters, number and hyphens up to 67 characters in length. At the same time as trademark owners are tackling the new gTLDs, they will also have to face the European Commission's introduction of the .eu TLD. There are also plans to facilitate domain name registration in

³⁷⁵ www.icann.org

³⁷⁶ "Unsancioned Webs," by Jesse Walker, www.findarticles.com, April, 2001.

³⁷⁷ "Domain Deals Nearly Done," by Joanna Glasner, www.wired.com/news/ebiz, May 15, 2001.

³⁷⁸ *Radar, New Domains, New Headaches*," by Thomas Claburn, Smartbusinessmag.com, April 2001, p. 34.

Spanish, Portuguese, Hebrew, Russian and Arabic characters. ICANN also proposes to add more gTLDs in the future, as soon as it has reviewed the progress of those seven new gTLDs. Since November 10, 2000 it has been possible to register gTLDs with Japanese, Chinese and Korean characters. NSI has also announced that it will allow registrations in 60 additional languages, among others from Azerbaijani to Zulu, and include French, German, Russian and Spanish. The end of March this year, more than 24 will be added, including Arabic, Hindi, Thai and Mongolian and the new formats will include all local scripts and accents.³⁷⁹

Tony Willoughby, name partner at Willoughby & Partners, says:

“At the moment there is a tendency for brand owners to try and register every domain name going. There is a lot of activity. But I suspect that they will start to lose their patience and if they stop bothering, it could be that the cybersquatting market will decline.”³⁸⁰

Some believe that the new language domain names are important, since it is a great business idea to register the appropriate domain name in a local script with brands that use a local script and are well-known.³⁸¹ Peter Warne, spokesman for Nestle, states that they are not at all worried about cybersquatters in those new domains, since they have done everything to protect their trademarks on the Internet. Coca-Cola has registered various domain names in Japanese, but it would be impossible to try to register every combination of their well-known mark.³⁸²

Recently, the first multilingual domain name dispute was submitted to WIPO. *Sankyo*, the Japanese drug company, filed a complaint against an unnamed individual from the Osaka region of Japan. Sankyo alleged that he/she filed the Japanese-character domain name *sankyo-dot-com* in bad faith. This is the first non-English-alphabet web dispute and officials warn many more similar cases will follow, now that the Internet has expanded to incorporate domain name registration in Chinese, Japanese and Korean characters.³⁸³

6.5.6 New Tools against Cybersquatting

SnapNames.com offers a unique service to guard against cybersquatters. With a Snap-Back subscription, a domain name owner can be notified of any change that

³⁷⁹ “News,” International Internet Law Review, Issue 12, March 2001, p. 7.

³⁸⁰ *Id.*

³⁸¹ *Id.*

³⁸² “Web expansion threatens havoc for trademark owners,” International, IP ASIA, February 2001 Vol 14 No 1, pp. 35-37.

³⁸³ “WIPO Learns New Language Skills,” *Id.*, p. 6.

is made to the domain name record. If the owner's domain name expires or is accidentally deleted, SnapNames will automatically reacquire it on the owners behalf. With a separate Snap-Shot subscription, prospective domain name owners can receive updates on an unlimited number of domain names, and, SnapNames claims that you will be first in line if those URLs become available³⁸⁴

The bottom line: Companies are to find a good intellectual property law firm with lawyers who can make sure that new trademarks are protected against infringements on the Internet by some company in a foreign country.³⁸⁵

³⁸⁴ "New Tools," by Andrew Longstreth, Smartbusinessmag.com, April 2001, p. 88.

³⁸⁵ "Law and Order," by Jason B. Meyer, Smartbusinessmag.com, April 2001, pp. 88-89.

7. Summary and Conclusions

The international framework for the protection of intellectual property rights, analyzed in this thesis, is governed by two main organizations at the international or multilateral level: The World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO). WIPO deals with intellectual property rights in a specialized and comprehensive manner. The WTO governs the rules of carrying out trade between nations, where intellectual property is one of many means to achieve the goal of a smooth global trading system. The central objectives of WIPO are to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organization as well as to ensure administrative cooperation among the Paris and Berne Unions.

The TRIPS Agreement with its minimi-rules came into effect in 1995 and developing countries have been and still are struggling with the implementation of the enforcement provisions of the TRIPS Agreement into their national legal systems. The TRIPS Agreement is heavily criticized for being too tough to those countries, and there is currently a kind of “Status Quo” in the WTO and its intellectual property politics within the world trade due to disagreements as far as trade is concerned.

The International Protection of Well-Known Marks

World trade has quickly developed towards globalization, a fact that has made the protection for intellectual property even more important. The appropriation of attractive foreign well-known marks (and of course trademarks in general) has become a problem around the world in the age of globalization. In this sense, the regulations of international trademark law are the most efficient (but not the only) legal basis for combating such practices. Well-known mark holders around the world have a direct interest in a global application of the protection of well-known marks within the framework of international conventions. However, to fulfill this demand with credibility, compliance with these rules will be fully guaranteed within the national legal system. If, on the contrary, the international conventions are implemented or applied differently at the national level, the coherency will be fading away and inconsistency and confusion among trademark owners as well as consumers is a fatal fact.

The purpose of protecting trademarks and its functions, are profoundly discussed in the doctrine.³⁸⁶ Trademarks deserve protection since they symbolize certain

³⁸⁶ W.R. Cornish, *Id.*, pp. 612-617.

qualities; they guarantee the consumers that the goods or services measure up to expectations that they associate to the goods or services. Trademarks function as indicators of the trade source from which the goods or services come. In order to be well-known, a lot of promotion has to be done with a mark. No matter whether there is an abusive element from misinterpretations about origin or quality of a mark, promotion means investments, which is a value in itself and therefore should deserve protection as such.³⁸⁷ The conclusion to be drawn from this theory is that well-known marks should deserve even extended protection, since they are signs of success and quality. For various reasons, consumers have explored them, bought them, tried them and have kept buying them due to the fact that they have managed to be distinguished from other products. W.R. Cornish gives a nice description of the modern, traditional and rational consumers:

“With the immense growth in the scale of business and the advertising that accompanies it, modern customers rarely have that personal knowledge of supplies which is the hallmark of a village economy. Even so, their interest in source of supply has not in essence changed. Information about origin is only a means towards an end: their main concern is in the quality of what they are buying.”³⁸⁸

A trademark owner has the right to retain the ability of his/her mark to call to mind the specific product and to evoke associations of satisfaction concerning that product in the mind of the consumer. The prevention of the erosion of the communication or advertising function of the well-known trademark has a long history. The *Kodak* mark was stopped in relation to bicycles in 1898.³⁸⁹ In 1924, *Harrods* prevented a moneylending business carrying to use the name *R Harrod Ltd.*³⁹⁰

The international protection of well-known trademarks reaching beyond the different conceptions of the individual countries is found in the Paris Convention and in the TRIPS Agreement. It was in 1925 that the protection for well-known marks was added to the Paris Convention. Art. 6bis of the Paris Convention pronounces that well-known marks are protectable property – a significant step in the history of trademark law. According to Art. 6bis, all of the countries of the Paris Union have obliged themselves to grant protection to a notoriously well-known trademark against parasitic appropriation through the misuse of the principles of territoriality.

The purpose of Art. 6bis is to prevent the registration and use of trademarks, in respect of goods, that are likely to cause a risk of confusion with notoriously well-known trademarks which are not, or not yet, protected through registration. A

³⁸⁷ W.R. Cornish distinguishes three functions of trademarks: “Origin function,” “quality or guarantee function” and “investment or advertising function” (*Id.*, p. 612).

³⁸⁸ *Id.* p. 613.

³⁸⁹ *Eastman Photographic Materials Co v. John Griffiths Cycle Corp.* [1898] 15 R.P.C. 74.

³⁹⁰ *Harrods Ltd. V. R Harrods Ltd* [1924] 41 R.P.C.74.

generally acknowledged definition of the well-known trademark does not exist at this point, only a non-binding recommendation with guidelines by WIPO (see below). Instead, the Paris Union Member Countries interpret the standard independently and autonomously.

With the adoption of the TRIPS Agreement on January 1, 1995, the protection of well-known marks is expanded (it has to be kept in mind, though, that the TRIPS-provisions serve as a minimum standard by which a Member Country must perform). Perhaps the most significant aspect of TRIPS is that it is self-executing. For the first time, an international agreement provides enforcement provisions and procedures which owners of well-known marks can use regardless of whether there are legislative procedures or not in Member countries.

TRIPS provide well-known marks with far greater protection than the Paris Convention. TRIPS extends protection to service marks. Art. 16(2) and (3) prescribes that Art. 6 *bis* of the Paris Convention shall apply not only to identical or similar goods, but also to identical, similar or non-similar goods or services, provided that the use of the trademark would indicate a connection to those goods or services, and provided that the interests of the holder of the registered well-known mark are likely to be damaged by such use. This is an evolution of the well-known mark standard and protection. However, it has to be emphasized that this extended protection refers only to registered trademark and consequently not to unregistered trademarks.

Another novelty with the TRIPS Agreement is that Art. 16(2) sets forth certain criteria that shall be taken into consideration when determining whether a trademark is well-known, which does not exist in the Paris Convention: Members of the WTO shall take account of the knowledge in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

The development at the regional level, in the European Union context, both “well-known” and “reputation” trademarks will be protected. Under the Community Trademark (CTM) Regulation, the owner of a well-known mark can file an opposition against a CTM application for a confusingly similar mark on similar goods or services. If the well-known mark has a reputation, then the owner can file an opposition against a CTM application covering dissimilar goods/services. It is not clear if a mark with reputation must be registered in order to receive protection; however where the mark has been registered, then the reputation in any one of the EU countries will suffice.

The Community Trademark Directive states that owners of Community or national marks having a “reputation” in the Community can stop the registration of a similar Community mark. Furthermore, the owner of a registered Community mark with a reputation can stop the use of an infringing mark on dissimilar goods/services anywhere in the Community. The well-known mark cases that

have been decided by the ECJ are quite few. The discussions have mainly been if there exists a likelihood of confusion including association and not in the first place dilution. However, in comparison with the U.S. dilution practice, it seems like the ECJ is somewhat more restrictive in providing well-known trademarks of appropriate protection against dilution in connection with similar, competing goods and services.

With the adoption of the WIPO Joint Recommendation, the scope and content of the protection for well-known marks increased significantly. Art. 4(1)(b) provides protection irrespective of the goods and/or services for which a mark is used. It is easy to see that Art. 4 represents an attempt to combine Art. 16(3) of the TRIPS, the Federal Anti-dilution Act and the Community Trademark Legislation. Furthermore, there is a close link between Art. 2 of the WIPO provisions and the U.S. Dilution Act, Sec. 15 U.S.C. para. 1127. The former provision provides wide and broad criteria without clear specifications when determining whether a mark is well-known in a Member State – similar to the U.S. eight criteria³⁹¹ when considering a mark to be “distinctive” and “famous.”

However, uncertainty may result from Art. 4, which combines the different approaches to extended trademark protection from the TRIPS Agreement and from the European and U.S. legal systems. Confusion is likely also from Art. 2 with its lists of requirements for protection. On the one hand, it must necessarily be taken into account but, on the other hand it is declared not to be binding. Consequently, the provisions in the WIPO Joint Recommendation should satisfy well-known marks holders, courts and competent authorities will have to apply open-value concepts such as “bad faith,” “unfair” and “detrimental.” However, overall, the WIPO Provisions are definitely a step in the right direction for future adoptions of international treaties and conventions within the field of well-known mark protection.

However, a mechanism should be established to protect globally well-known marks only, with a compilation of a famous trademarks list. Thus, after registration in such list, the well-known mark status should not be challenged on a national level. The task of compiling and administrating such a register should be carried out by an international body established by a treaty, such as WIPO. This may in the long term be a good solution.

ICANN, the non-profit overseer of Internet addresses which has the responsibility to manage the domain name system should keep to its original task: to be a technical authority and not float over to a policy-making body. The latter

³⁹¹ 1) Degree of inherent or acquired distinctiveness of the mark; 2) Duration and extent of usage of the mark; 3) Duration and extent of advertising and publicity of the mark; 4) Geographical area in which the mark is used; 5) Channels of trade for the goods or services with which the mark is used; 6) Fame of the Mark and the owners and the alleged diluter’s trading areas; 7) Nature and extent of use of similar marks by third parties; and 8) Whether the mark is federally registered.

task should rather be reserved for an appropriate institution, such as WIPO. Vinton Cerf, Chairman of ICANN:

“(…) We may find ourselves turning to international bodies, maybe the UN, maybe some of its other groups, maybe the World Intellectual Property Organization. We plainly have to engage on an international basis for some of what constitutes internet policy because it’s not going to be set by ICANN, it’s certainly not going to be set by the Internet Society, or the IETF, or the IAB, or the WorldWideWeb Consortium, or the Internet Societal Task Force.³⁹²

Well-Known Marks and Domain names

The potential conflict between a trademark and a domain name is obvious. Trademarks are existing on a territorial basis and similar marks can exist in different jurisdictions at the same time without clashing. On the contrary, domain names exist in cyberspace, which means, in only one jurisdiction. Therefore, a mark as a domain name that is same or similar to a trademark, all of a sudden exist beside the trademark on the Internet. Confusion is likely. Well-known marks are recognized in international law as being subject to special protection. According to some commentators, they should therefore obtain priority treatment no matter whether or not registered. Others would like to preserve the rule of a “first come, first served” basis, fearing that the big companies will grab their well-known mark name on every new gTLD.

However, it is not adequate to protect well-known marks to the extent that a holder of such a mark can lean back and relax, never being worried that somebody could intrude on his/her mark. The current competitive society we now live in would turn in to a lot of companies being in a dominant position without any possibilities for others to compete. A typical example is the McDonald’s case in South Africa, where even a non-use of the McDonald’s trademark forbids a Drive-Inn Restaurant from using the mark. The incitements for innovative thinking would also be lessened.

The laws regulating domain names have come a long way very quickly. ICANN’s policy has certainly made life a lot easier for brand owners trying to protect their brands on-line. The administrative procedure is quick (35-50 days) and cheap (\$1000-\$2500). The UDRP will hopefully serve as a deterrent against future cybersquatting, especially when new gTLDs are added.

However, the UDRP has been criticized both from trademarks and domain name holders. Some trademark owners complains that the focus of UDRP is too narrow and domain name owners think that it favors trademark owners, since

³⁹² “*New Chairman Seek Limitations on ICANN’s Governance*,” by Stephen Hoare, *International Internet Law Review*, Dec 2000/Jan 2001, pp. 15-16.

they prevail over domain name holders in many cases. Furthermore, the factors listed are limited in scope and other circumstances should be taken into account. These should include, for instance, the strength of the mark, good faith registration, and whether a well-known mark owner, who did not oppose at the time of registration, is trying to trump domain name rights.

With the advent of the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Mark, the Anti-cybersquatting Consumer Protection Act and ICANN's UDRP, trademark/ well-known mark holders are well armed to defend their names across any domain. Consequently, the Internet might become a more hospitable place for consumers as well as well-known trademark owners. The evolution of well-known marks has indeed proved that. It is certainly a trend that has come to stay and further to develop.

Although the intended reforms might help in minimizing some of the trademark issues, it still cannot be assumed that in the near future most of the conflict situations between trademarks/well-known marks and domain names will fade into insignificance. There is an inherent collision between the way trademark law has worked, and the domain name system has worked. And there is probably no solution in the short term either. However, as new gTLDs are likely to be announced by ICANN, and other ccTLDs most likely will adopt the UDRP Policy, new domain-rushes will appear. Trademark owners should not attempt to pre-register any domain names as no registrars have been accredited to accept registrations. However, trademark/well-known marks owners should continue to monitor the progress of the implementation of the gTLDs so that they can take advantage of any pre-registration service that become available.

If the commercialization of the Internet continues at the current pace, the "law of domain names" as a specific sector of trademark law will play an important role in future legal practice.

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