



**MODEL LAW  
FOR DEVELOPING COUNTRIES  
ON MARKS,  
TRADE NAMES,  
AND ACTS OF  
UNFAIR COMPETITION**



UNITED INTERNATIONAL BUREAU FOR  
THE PROTECTION OF INTELLECTUAL PROPERTY  
(BIRPI)

**MODEL LAW  
FOR DEVELOPING COUNTRIES  
ON MARKS, TRADE NAMES,  
AND ACTS OF UNFAIR COMPETITION**

GENEVA  
1967

**BIRPI PUBLICATION**  
**No. 805 (E)**  
**Price: 12 Swiss francs**

*Cover page designed by: M. A. G. Béline (Arcine, Haute-Savoie, France)*

*The respect of trademarks, trade names, and honest trade practices, is indispensable for the development of trade and the protection of the general public buying goods and using services. The establishment of the legal guarantees for such respect is therefore one of the most important tasks of the government of any country.*

*The United International Bureau for the Protection of Intellectual Property (BIRPI), with a membership today of over 80 countries, is particularly conscious, like all other intergovernmental organizations, of its duty to assist developing countries in their difficult task of instituting or modernizing legislation in commercial matters.*

*The present Model Law on Marks, Trade Names, and Acts of Unfair Competition, has been conceived with these considerations in mind, by and for developing countries. BIRPI hopes that it will serve their aim of rapid economic development.*

G. H. C. BODENHAUSEN  
Director of BIRPI

Genevo, July 1967.



## CONTENTS

	Page
HISTORY OF THE MODEL LAW . . . . .	9
TEXT AND COMMENTARY OF THE MODEL LAW . . . . .	13
Guiding Principles of the Model Law . . . . .	13
Structure of the Model Law . . . . .	14
<b>Part I: General Provisions</b>	
Section 1: Definitions . . . . .	15
Section 2: Applicability of International Conventions . . . . .	17
Section 3: Rights of Foreigners . . . . .	19
<b>Part II: Trademarks and Service Marks</b>	
Chapter I: <i>Right to a Mark</i> . . . . .	21
Section 4: Registration of Mark . . . . .	21
Section 5: Marks Inadmissible on Objective Grounds . . . . .	24
Section 6: Marks Inadmissible by Reason of Third-Party Rights . . . . .	27
Chapter II: <i>Procedure for Registration</i> . . . . .	32
Section 7: Requirements of Application . . . . .	33
Section 8: Right of Priority . . . . .	35
Section 9: Temporary Protection of Mark Exhibited at International Exhibition . . . . .	36
Section 10: Payment of Fees . . . . .	37
Section 11: Examination of Application as to Form . . . . .	38
Section 12: Alternative A: Registration of Mark without Examination as to Substance . . . . .	40
Alternative B: Registration of Mark after Examination of Application as to Substance and Opportunity for Opposition . . . . .	40
Section 13: Registration of Mark and Issuance of a Certificate . . . . .	42
Section 14: Publication of Registered Marks: Consultation of Register . . . . .	43
Section 15: Appeals . . . . .	44
Chapter III: <i>Duration and Renewal of Registrations of Marks</i> . . . . .	45
Section 16: Duration of Registration . . . . .	45
Section 17: Renewal . . . . .	46
Chapter IV: <i>Rights Conferred by Registration of Mark</i> . . . . .	47
Section 18: Rights Conferred by Registration . . . . .	47
Section 19: Use of Indications by Third Parties for Purposes Other than Those for which the Mark is Used . . . . .	49
Section 20: Limitation of Rights Conferred by Registration . . . . .	50
Chapter V: <i>Assignment and Transfer of Applications and Registrations</i> . . . . .	51
Section 21: Assignment and Transfer of Applications and Registrations . . . . .	51

	Page
Chapter VI: <i>License Contracts</i> . . . . .	53
Section 22: License Contracts . . . . .	53
Section 23: Nullity of License Contracts . . . . .	55
Section 24: Invalid Clauses in License Contracts . . . . .	55
Section 25: Right of Licensor to Grant Further Licenses . . . . .	57
Section 26: Rights of Licensee . . . . .	57
Section 27: Non-Assignability of Licenses . . . . .	58
Section 28: License Contracts Involving Payments Abroad . . . . .	58
Chapter VII: <i>Renunciation, Removal, Nullity</i> . . . . .	59
Section 29: Renunciation of Registration . . . . .	59
Section 30: Removal of Mark for Non-Use . . . . .	60
Section 31: Removal of Mark which Becomes a Generic Name . . . . .	62
Section 32: Procedure and Effect of Removal . . . . .	63
Section 33: Nullity of Registration . . . . .	64
Section 34: Effects of Declaration of Nullity . . . . .	66
Section 35: Notification, Recording, and Publication, of Decisions of Removal and Nullity . . . . .	67
Chapter VIII: <i>Infringement of Rights under the Mark</i> . . . . .	67
Section 36: Civil Sanctions . . . . .	67
Section 37: Penal Sanctions . . . . .	68
Section 38: Legal Proceedings by Licensee . . . . .	69
<b>Part III: Collective Marks</b>	
Section 39: Applicability of Other Provisions . . . . .	71
Section 40: Application for Registration of Collective Mark . . . . .	72
Section 41: Examination of Application for Registration of Collective Mark . . . . .	73
Section 42: Registration and Publication of Collective Marks . . . . .	73
Section 43: Changes in Regulations Governing Use of Collective Mark . . . . .	74
Section 44: Use of Collective Mark . . . . .	74
Section 45: Transfer of Registration of Collective Mark . . . . .	75
Section 46: Nullity of Registration of Collective Mark . . . . .	76
<b>Part IV: Trade Names, Acts of Unfair Competition, Indications of Source, Appellations of Origin</b>	
Section 47: Prohibited Trade Names . . . . .	79
Section 48: Protection of Trade Names . . . . .	80
Section 49: Assignment and Transfer of Trade Names . . . . .	81
Section 50: Acts of Unfair Competition . . . . .	82
Section 51: Misuse of Indications of Source and Appellations of Origin . . . . .	82
Section 52: Other Acts of Unfair Competition . . . . .	84
Section 53: Legal Proceedings . . . . .	84
<b>Part V: Procedural Provisions and Rules</b>	
Section 54: Competence of Courts . . . . .	85
Section 55: Rules . . . . .	85
TEXT OF THE MODEL LAW . . . . .	89
LIST OF PARTICIPANTS OF THE MODEL LAW COMMITTEE . . . . .	113

# **HISTORY OF THE MODEL LAW**





## HISTORY OF THE MODEL LAW

In 1964, the United International Bureaux for the Protection of Intellectual Property (BIRPI) prepared the draft of a model law for developing countries on inventions (patents and protection of technical know-how). The draft was discussed by a Committee of Experts of developing countries. It was then revised and published by BIRPI in 1965 under the title *Model Law for Developing Countries on Inventions*. From the exchanges of views which took place in the course of the preparation of that Model Law, it appeared that developing countries were interested in modernizing their legislation not merely as regards patents, but also with respect to trademarks and some of the other subjects of industrial property. The proposal put forward by BIRPI to prepare another model law on these subjects was welcomed by the aforesaid Committee of Experts, and was approved, during its session of September/October, 1965, by the Interunion Coordination Committee, whose function is to give advice on the activities of BIRPI.

BIRPI accordingly prepared, in 1966, the draft of a second model law for developing countries dealing, this time, with marks and related subjects, namely, trade names, indications of source, appellations of origin, and unfair competition. The draft of this second model law, with an accompanying commentary,<sup>1</sup> was sent for study and possible observations to the Governments of 76 countries which, according to criteria adopted in United Nations bodies, were considered as "developing" and which were presumed to be interested in the establishment of such a model law.<sup>2</sup> The draft was also sent for observations to the Governments of those States members of the International (Paris) Union for the Protection of Industrial Property which were not among the said 76 countries. Furthermore, it was communicated to the United Nations and a number of other intergovernmental and non-governmental international organizations.

The draft was then examined by a committee of experts, invited by BIRPI, which met at BIRPI headquarters in Geneva, in November 1966. This committee, which will hereinafter be called "the Second Model Law Committee"—in order to distinguish it from the Model Law Committee which gave its advice on the first model law (namely, that on inventions)—was composed of representatives of 32 countries, all of them "developing" according to United Nations criteria: Algeria, Argentina, Bolivia, Brazil, Ceylon, Chile, Congo (Kinshasa), Ethiopia, Ghana, India, Indonesia, Iran, Iraq, Jordan, Kenya, Lebanon, Liberia, Libya, Malaysia, Malta, Morocco, Nicaragua, Pakistan, Peru, Philippines, Singapore, Thailand, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Uruguay. The United Nations and other intergovernmental and non-governmental international organizations were invited to delegate observers to the Second Model Law Committee and these observers actively participated in the discussions.

The list of participants is reproduced on page 113.

The Second Model Law Committee examined, section by section, the draft prepared by BIRPI and gave its advice on the amendments to be made to the title and the text of the Model Law, as well as on the commentary accompanying this text.

---

<sup>1</sup> Documents PJ/S1/2 and 3.

<sup>2</sup> These countries were:

*Asia:* Afghanistan, Burma, Cambodia, Ceylon, China (Taiwan), India, Indonesia, Iran, Iraq, Jordan, Korea, Kuwait, Laos, Lebanon, Malaysia, Maldives Islands, Mongolia, Nepal, Pakistan, Philippines, Saudi Arabia, Singapore, Syrian Arab Republic, Thailand, Viet-Nam, Yemen.

*Africa:* Algeria, Burundi, Congo (Kinshasa), Ethiopia, Gambia, Ghana, Guinea, Kenya, Liberia, Libya, Malawi, Mali, Morocco, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Tunisia, United Arab Republic, Uganda, Zambia.

*America:* Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela.

*Others:* Cyprus, Malta, Western Samoa.

Members of the African and Malagasy Industrial Property Organization were not among these 76 countries because they had already adopted a uniform trademark law. However, this Organization was represented in "the Second Model Law Committee" by an observer who took an active part in the deliberations.

Throughout the discussions of the Second Model Law Committee, it was emphasized that the text was a model and not the draft of a uniform law. It was frequently stated that any country wishing to have a new law on marks, trade names, and unfair competition, was entirely free to follow or not the provisions of the Model Law, and that it would be only natural if a country adapted certain provisions of the Model Law to its national needs, traditions, and legal system.

On the last day of its meeting, on November 11, 1966, the Second Model Law Committee adopted the following recommendation:

“The Committee of Experts on a Model Law for Developing Countries on Marks, Trade Names, Indications of Source, and Unfair Competition, convened by the United International Bureaux for the Protection of Intellectual Property (BIRPI) and composed exclusively of representatives of Governments of developing countries,<sup>1</sup>

Having met at Geneva from November 7 to 11, 1966,

After having examined, together with the observers of international intergovernmental<sup>2</sup> and non-governmental<sup>3</sup> organizations, the draft model law and the explanatory statement accompanying it (documents PJ/51/2 and 3) prepared by BIRPI and communicated to the invited Governments and organizations,

*Expresses the view that the draft reflects the special needs of developing countries and represents a useful model for legislation in these countries;*

*Recommends that the model law and the explanatory statement, as revised on the basis of the discussions of the Committee, be transmitted to the Governments of developing countries, to the Governments of the States members of the International Union for the Protection of Industrial Property (if not already falling into the preceding category), to the Secretary-General of the United Nations, and to the other international organizations invited to the meeting;*

*Recommends that BIRPI should continue to keep in touch with the Governments of developing countries and with all international organizations, conferences or other bodies which deal with the problems of developing countries, and to offer to them its assistance in connection with the adaptation or adoption of legislation in the field of marks, trade names, indications of source, and unfair competition, in the training of officials, and, more generally, in the evaluation of the role that industrial property and its protection play in the fostering of commerce and industry in developing countries;*

*And, in view of the important role which the Paris Convention for the Protection of Industrial Property, the Union established by it and its International Office (BIRPI) can play in the commercial development and industrialization of developing countries,*

*And, in view of the desirability of aiming at greater uniformity in the laws relating to industrial property,*

*Recommends that the developing countries which are not yet parties to the Paris Convention consider acceding thereto.”*

BIRPI has implemented the first recommendation.

It is fully prepared also to carry out the second recommendation, as it continues to be at the disposal of the Governments of developing countries, and of international organizations, for all the purposes mentioned in that recommendation.

As to the third recommendation, BIRPI hopes that it will be implemented by the countries to which it is addressed: BIRPI's relations with countries which are not yet members of the Paris Union will then become permanent and more fruitful.

<sup>1</sup> Algeria, Argentina, Bolivia, Brazil, Ceylon, Chile, Congo (Kinshasa), Ethiopia, Ghana, India, Indonesia, Iran, Iraq, Jordan, Kenya, Lebanon, Liberia, Libya, Malaysia, Malta, Morocco, Nicaragua, Pakistan, Peru, Philippines, Singapore, Thailand, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, Uruguay.

<sup>2</sup> United Nations, African and Malagasy Industrial Property Office (OAMPI), Permanent Secretariat of the General Treaty of Central-American Economic Integration (SIECA).

<sup>3</sup> Inter-American Association for the Protection of Industrial Property (ASIPI), International Association for the Protection of Industrial Property (AIPPI), International Chamber of Commerce (ICC), International Federation of Patent Agents (FICPI), International League against Unfair Competition (LICCD).

**TEXT AND COMMENTARY  
OF THE MODEL LAW**



# TEXT AND COMMENTARY OF THE MODEL LAW FOR DEVELOPING COUNTRIES ON MARKS, TRADE NAMES, AND ACTS OF UNFAIR COMPETITION

## GUIDING PRINCIPLES OF THE MODEL LAW

The subjects dealt with in the "Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition" are all concerned with competition between enterprises, and the rules established in this connection serve to ensure that such competition shall be fair. The reason why *marks* and *trade names* have been treated specially, and separately from the general rules against acts of unfair competition, is that the former are special means of distinguishing the goods and services of enterprises, or of identifying the enterprises themselves, and that it is desirable to provide, for these special means, more detailed rules, in the interests both of those directly concerned with them in commerce and of the public.

As to marks and trade names, it should be noted that the rules concerning *marks* are considerably more detailed than those concerning trade names, not as if the former were more important, but because they call for a registration system and other special provisions—for example, on license contracts—which are not necessary for trade names. The provisions concerning *trade names* are relatively simple, but experience with existing legislations shows that they are adequate.

With respect to *acts of unfair competition*, the Model Law is limited to main principles, acceptable to all countries. The commentary on these provisions indicates which other subjects could be regulated by countries wishing to adopt more detailed provisions in this field.

The first model law for developing countries published by BIRPI, that on inventions, dealt with a subject whose interest to developing countries is obvious, because the protection of inventions encourages inventiveness and industrial investment. The reasons why developing countries may wish also to adopt modern and adequate legislation in the field of marks, trade names, and acts of unfair competition, are different but equally clear. If, in fact, a well-balanced protection of inventions can stimulate the inventive spirit and encourage research and the investment necessary to that end, together with the establishment of modern industries in the country, a well-regulated protection of marks, etc., will encourage the establishment and development of commercial enterprises within the country, will facilitate trade relations, unimpeded by unfair competition, and will protect the public against confusion between goods, services, and enterprises, and against the deception which results from such confusion.

Within this field, modernization of domestic legislation is not only useful to each of the countries concerned separately: it can also lead to a certain unification of law, which is useful in itself and which would enable countries interested in doing so to merge the Offices administering their laws on the subject. Thus, to the great advantage of trade in general, the number of independent Offices dealing with marks could possibly be reduced.

The Model Law on Marks, Trade Names, and Acts of Unfair Competition, whilst dealing with a different subject, runs nevertheless, to a certain extent, parallel to the Model Law on Inventions. Actually, it is to be expected that some countries will desire to make use of both Model Laws in establishing or modernizing their legislation. In this event, the régime governing licenses and procedure against infringements of rights,

for example, should be the same, since it will often happen that in these cases patents and marks will be involved at the same time.

However, since the Second Model Law Committee was autonomous in giving its advice, it has recommended, on some points which are basically similar to those dealt with in the Model Law on Inventions, slightly different solutions, which were considered improvements. Countries wishing to adopt or use for adaptation both Model Laws will appreciate these differences.

Notwithstanding the differences, both Model Laws follow parallel courses because the main objectives of both are the same. These objectives are (i) to establish adequate protection for certain forms of industrial property, a protection which is in the interest of the industrial and commercial development of the country, and (ii) to take account of the special interests of developing countries.

In the present Model Law, these special interests are mainly served by detailed provisions on license contracts. Several controls are envisaged for this purpose: in the first place, in the public interest, a compulsory control, by the registered owner of the mark, as regards the quality of goods or services supplied under license; in the second place, in order to protect the national interest against excessive foreign influence and to preserve the national balance of payments, a possible government control of all license contracts involving payment of royalties abroad. The registered owner of a mark is also prohibited from imposing upon any licensee restrictions which do not derive from the exclusive rights conferred by the registration of the mark, or which are not necessary for the safeguarding of these rights.

Since enterprises in developing countries are frequently in the position of licensees of licensors of foreign, more developed countries, the Model Law provides for effective safeguards for the interests of licensees against possible infringements of the right to the mark by third parties, even if the licensor neglects to protect the right.

It was also considered to be in the interest of developing countries to include, under the provisions against acts of unfair competition, special provisions against misuse of indications of source and appellations of origin. Protection against such misuse is of great importance in countries where industrial development, which can lead to standardization of goods or services, has not yet made the necessary progress and where, therefore, goods and services derive to a large extent their qualities from their particular source.

## STRUCTURE OF THE MODEL LAW

The Model Law consists of five Parts, which are devoted to the following subjects:

- Part I (Sections 1 to 3): general provisions, containing several definitions and the principles of application of international conventions and the rights of foreigners.
- Part II (Sections 4 to 38): detailed provisions relating to trademarks and service marks.
- Part III (Sections 39 to 46): supplementary provisions concerning collective marks.
- Part IV (Sections 47 to 53): some provisions concerning trade names and acts of unfair competition, including misuse of indications of source and appellations of origin.
- Part V (Sections 54 and 55): procedural provisions and rules.

# PART I: GENERAL PROVISIONS

The General Provisions of the Model Law contain some definitions (Section 1), and deal with the applicability of international conventions (Section 2) and the rights of foreigners (Section 3).

## TEXT

## COMMENTARY

### Section 1: Definitions

**(1) For the purposes of this Law:**

- (a) “trademark” means any visible sign serving to distinguish the goods of one enterprise from those of other enterprises;**
- (b) “service mark” means any visible sign serving to distinguish the services of one enterprise from those of other enterprises;**
- (c) “collective mark” means any visible sign designated as such and serving to distinguish the origin or any other common characteristic of goods or services of different enterprises which use the mark under the control of the registered owner;**
- (d) “trade name” means the name or designation identifying the enterprise of a natural or legal person;**
- (e) “indication of source” means any expression or sign used to indicate that a product or service originates in a given country or group of countries, region, or locality;**
- (f) “appellation of origin” means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.**

*Subsection (1)* defines the principal subjects dealt with in the Model Law, namely (a) trademarks, (b) service marks, (c) collective marks, (d) trade names, (e) indications of source, (f) appellations of origin. The first three notions are comprised in the general category of “marks,” whereas the last two are related to the general topic of unfair competition.

Although many existing laws distinguish between manufacturer’s marks (*marques de fabrique*, i.e., marks of a manufacturer which distinguish the goods manufactured and sold by him) and marks used in trade (*marques de commerce*, i.e., marks distinguishing the goods of a trader who has not manufactured them), the Model Law does not do so since the distinction has no legal or practical consequences, and thus is of no juridical value.

On the other hand, the Model Law does distinguish between three categories of marks: *trademarks*, *service marks*, and *collective marks*.

A mark belonging to any of these categories is always a distinctive sign, serving to distinguish the goods or services of one or more enterprises from the goods or services of other enterprises. Within this function of distinguishing goods or services, marks of the three categories have different objectives.

The “trademark” (Section 1(1)(a)) is the classic mark, serving to distinguish the *goods* of one enterprise (or of several enterprises working under license from the owner of the mark) from those of one or more other enterprises. The goods may be manufactured products or natural products: they may be produced or merely sold by the owner of the mark, or may be distributed by him without charge, as in the case of wrappings or advertising material.

The “service mark” (Section 1(1)(b)) is the fruit of a more modern notion. This mark fulfils the same said function of distinguishing, but it distinguishes the *services* of an enterprise (or of licensed enterprises), and not the goods, from those of one or more other



**(2) Provided they are not inadmissible under Sections 5 and 6, marks may consist, in particular, of arbitrary or fanciful designations, names, pseudonyms, geographical names, slogans, devices, reliefs, letters, numbers, labels, envelopes, emblems, prints, stamps, seals, vignettes, selvages, borders and edgings, combinations or arrangements of colors, and shapes of goods or containers.**

enterprises. These services may be of almost any kind, for example: publicity, transport, insurance, treatment of materials.

The "collective mark" (Section 1(1)(c)) serves also to distinguish goods or services. However, it does not distinguish the goods or services of an individual enterprise from those of one or more other enterprises, but the *origin* or other *common characteristics* of goods or services of *different enterprises*. The registered owner of such a mark can be one of these enterprises, but may also be a third party—generally a cooperation or association of enterprises or an institution of public character—charged with controlling the use of the mark (Sections 40 and 46).

In order that a collective mark, which, indicating common characteristics, can be used by its registered owner and others, be distinguished from a trademark or service mark, which can be used by its registered owner and his licensees, the collective mark must be designated as such. This designation is not required, although it will frequently happen, in the collective mark itself, as it is used, but must be included in the application for registration of such mark (Section 40).

With respect to all three categories of marks, the Second Model Law Committee considered the question whether, in the definitions, the word "visible" should be deleted or replaced by "perceptible," so as to include in the definition of marks audible, olfactory, and other non-visual signs. These proposals, however, were not adopted for three reasons: first, non-visual signs serving to distinguish goods or services are much less common than visual signs, although some audible signs are used in commercial broadcasting; secondly, these signs, even if not accepted as marks, are protected against confusion by the provisions against unfair competition; thirdly, the acceptance as marks of non-visual signs would cause complications with regard to their registration, and this was deemed undesirable, especially in developing countries.

The Model Law also defines *trade names* (Section 1(1)(d)). After discussion in the Second Model Law Committee, it was considered that a trade name must serve to identify the enterprise of a natural or legal person and may consist of: the name of the owner, or a pseudonym, or an invented name, or an abbreviation, or a description of the enterprise, or other designation. However, in any case, the trade name must not be inadmissible under Section 47.

The Second Model Law Committee also discussed whether definitions of *indications of source* and *appellations of origin* should be included in subsection (1). These definitions have been included (paragraphs (e) and (f)) because of the great importance of such subjects, especially for developing countries, and the interest which these countries have in adopting

provisions against misuse of such indications and appellations (Section 51).

*Subsection (2)* merely gives examples of signs which may constitute marks, provided that they are admissible under Sections 5 and 6, which means, for example, that they must be capable of distinguishing the goods or services of one enterprise from those of other enterprises. The Second Model Law Committee was unanimous in wishing to write many of these examples into the text of the Model Law, including the following: arbitrary or fanciful designations, slogans, devices, labels, envelopes, emblems, selvages, borders and edgings (for instance, for materials or textiles), combinations or arrangements of colors, and shapes of goods or containers (for instance, the distinctive shape of a piece of soap or of a bottle for drinks or perfumes). On the other hand, the Committee thoroughly discussed the question whether names, particularly surnames, as well as geographical names, letters, and figures, should also be included in the enumeration of examples of marks. The majority of the Committee saw no objection to such inclusion on condition that it be clearly understood that these names, etc., would have to be sufficiently distinctive (Section 5(1)(b), (c) and (d)) and not misleading (Section 5(1)(e)) as they are, for example, in the case of fanciful designations, such as "North Pole" or "Mount Everest." It was admitted, however, that countries adopting the Model Law might wish to exclude all surnames, geographical names, letters, or figures, from the possibility of becoming marks, or to require that, in order to be accepted as marks, they must be presented in a distinguishing form or must be shown to have acquired distinctiveness.

## Section 2: Applicability of International Conventions

**The relevant provisions of international bilateral or multilateral conventions to which [the country] is or will become a party, which regulate the rights of nationals of States parties to such conventions and of persons assimilated to such nationals, shall be applicable by virtue of this Law.**

This Section deals with the application of international conventions, in the country adopting the Model Law, to nationals of that country and to persons assimilated to them, as well as to nationals of the other States parties to such conventions and to persons assimilated to the latter.

As to the suitability of this Section for the various legal systems, countries may be divided into two groups.

Countries belonging to one of these groups have constitutions or constitutional systems which permit their administrative and judicial authorities to apply to the interested parties the provisions of international conventions, drafted in a way which makes such direct application possible ("self-executing provisions"). In some countries, this system of direct applicability is provided by the constitution; in others, direct

applicability requires a specific reference to the convention in the Law.

Countries belonging to the other of these two groups do not have such a system of direct applicability. In these countries, the provisions of an international convention bind only the State and, in order to become applicable to private parties, must be reproduced in a domestic law.

The Section under consideration, which is identical with Section 6 of the Model Law on Inventions, was inserted also in the Model Law under consideration for the use of countries belonging to the first group.

The effect of the Section, in these countries, is that all provisions of international conventions dealing with industrial property to which the country is a party, whether these conventions be bilateral or multilateral—and, among the latter, particularly the 1883 Paris Convention for the Protection of Industrial Property—will become applicable in that country without the need for any additional measures. In respect of the Paris Convention, this means that persons eligible for protection under that Convention (see Articles 2 and 3 thereof) will have the right to invoke, in the said countries, all provisions of the Convention which are directly applicable (self-executing), on the basis of Section 2 of the Model Law.

Another effect of Section 2, in respect of these countries, consists in the fact that even their own nationals, and persons assimilated to them, will be able to invoke the self-executing provisions of a convention, and especially those of the Paris Convention.

As far as the countries of the first group are concerned, whose constitutions already provide for direct applicability of conventions also to their own nationals, adoption of the Section under consideration is unnecessary since the effects referred to in the preceding paragraphs are already produced by the national constitutions themselves.

On the other hand, as regards countries belonging to the second group, the Section under consideration is without interest and should be omitted by them, since their constitutions exclude direct applicability of international conventions. These countries would have to reproduce the relevant provisions of the convention in the Law under consideration, or in an annex thereto, and declare their applicability on the domestic level.

---

### Section 3: Rights of Foreigners

**Foreigners who do not fall within the scope of the preceding Section shall have the same rights under this Law as nationals.**

This Section deals with the rights of foreigners not covered by any convention and provides that these foreigners shall have the same rights under the Model Law as nationals of the country concerned. In view of the fact that adequate protection against confusion of marks, trade names, etc., even if they belong to foreigners, is in the interest also of the public, the Second Model Law Committee did not deem it desirable to add to this provision a proviso such as appears in Section 7 of the Model Law on Inventions, to the effect that the application of the provision can be suspended in the case of a lack of adequate reciprocity of protection in any given country.



## PART II: TRADEMARKS AND SERVICE MARKS

Part II of the Model Law deals with marks which might be called “individual marks”—as opposed to collective marks—that is to say, marks which serve to distinguish the goods or services of one enterprise from those of one or more other enterprises (the question of the use of an individual mark by third parties under license is discussed later).

This Part of the Model Law contains the following Chapters: Chapter I: Right to a Mark (Sections 4 to 6), Chapter II: Procedure for Registration (Sections 7 to 15), Chapter III: Duration and Renewal of Registrations of Marks (Sections 16 and 17), Chapter IV: Rights Conferred by Registration of Mark (Sections 18 to 20), Chapter V: Assignment and Transfer of Applications and Registrations (Section 21), Chapter VI: License Contracts (Sections 22 to 28), Chapter VII: Renunciation, Removal, Nullity (Sections 29 to 35), Chapter VIII: Infringement of Rights under the Mark (Sections 36 to 38).

### CHAPTER I: RIGHT TO A MARK

The first Chapter of this Part governs the obtaining of the right to a mark. This Chapter applies directly to trademarks and service marks, but most of its provisions are also applicable to collective marks (Sections 39).

However, application of the same provisions to different categories of marks may lead to different results. For example, a collective mark may be descriptive of the origin or other characteristics of goods or services without being inadmissible under Section 5. These differences are further explained in connection with Section 39.

With regard to obtaining the right to a mark, the Model Law first poses the principles (Section 4) according to which the exclusive right to a mark, as conferred by this Law, can be acquired *only by registration*, and such registration can *validly be granted only* to the person who has first validly applied for registration or who is the first validly to claim the earliest priority for his application.

The Model Law then specifies the signs which are inadmissible on objective grounds (Section 5), or by reason of third-party rights (Section 6).

#### Section 4: Registration of Mark

**(1) The exclusive right to a mark, conferred by this Law, shall be acquired, subject to the following provisions, by registration.**

**(2) Registration of a mark can validly be granted only to the person who has first fulfilled the conditions for valid application or who is the first validly to claim the earliest priority for his application.**

*Subsection (1)* of this Section poses the principle that the exclusive right to a mark, as conferred by the Law, shall be acquired *by registration*. Registration is thus the only way to acquire the full protection available under the Model Law. Mere use of the mark, even if it is first use, is not recognized as a way of acquiring the said protection.

This matter was thoroughly discussed by the Second Model Law Committee and, although different views were advanced, the Committee finally had no difficulty in adopting the above principle. This was done mainly because of two reasons. First, the system under which the exclusive right to a mark is acquired by registration, and not by use or first use of the mark, seemed to be the best suited to the majority of develop-

ing countries, where mere use of a mark can sometimes not be ascertained without great difficulties and where only registration can constitute a solid basis for a right as provided for. Secondly, it was observed that the registration system adopted in the Model Law is attenuated by other provisions which attribute some importance to the use of an unregistered mark. These provisions are the following.

The use of a mark in the country, or even elsewhere, before its registration, can contribute to its distinctive character and thus facilitate later registration (Section 5(2)). Further, the person or enterprise merely using a mark in the country, although not acquiring the exclusive right to it conferred by the Model Law, will nevertheless be protected to some extent by Sections 50 and 52(a)—directed against acts of unfair competition—against the use of the same or a confusingly similar mark for similar goods or services by a third party, even if the protection is less complete and effective than that reserved to registered marks (Section 18). Finally, the mere user of a mark is, in several cases, protected against registration of the same or a confusingly similar mark by another party, namely, when the latter has been aware, or could not have been unaware, of such use (Section 6(b)), or when, even if the mark is not yet used in the country itself or not known to the applicant, it has already become well known generally (Section 6(d)), or when the registration of the mark would be contrary to the rules for the prevention of unfair competition (Section 6(e)).

Thus, in the Model Law a balance has been achieved between several interests: the mere user of a mark is protected to some extent against use or registration of the same or a confusingly similar mark by others, but, in order to acquire the full protection conferred by the Law, it is necessary to obtain registration. Thus the system encourages the registration of marks, a result which was considered desirable by the Second Model Law Committee. In order to strengthen the registration system even further, the Committee took the view that after examination of applications for registration as to substance (Section 12 (Alternative B)), the registrations must, after a certain period and to a certain extent, become incontestable (Section 33, possible addition of a subsection (3); Section 46, footnote).

*Subsection (2)* of the Section under consideration states the principle according to which registration of a mark can *validly be granted only* to the person who has first fulfilled the conditions for valid application or who is the first validly to claim the earliest priority for his application. This principle is further elaborated in Sections 5 to 10.

The subsection under discussion will have a different effect in countries which subject applications for registration to an examination *only as to form* (Section 11

and Section 12 (Alternative A)) and in countries which examine applications *also as to substance* (Section 11 and Section 12 (Alternative B)).

In countries of the first category, any mark for which the formal requirements of valid application, enumerated in Sections 7 and 10, have been fulfilled will be registered, and it will be registered even if it is in conflict with the provisions of Sections 5 or 6. Only a Court, required after registration to decide upon the *validity* of the registration, can declare such registration null and void (Section 33).

In countries of the second category, where applications for registration are examined as to substance by the Administration, that is, the Trademark Office, such applications will be *refused* if the marks are contrary to Sections 5 or 6. Decisions of the Trademark Office are subject to control by the Courts (Section 15), which may also declare granted registrations null and void in certain conditions (Section 33).

Under both systems, the registration of a mark will normally be obtained by the person who has first fulfilled the formal requirements for registration, that is to say, who has filed an application in conformity with Section 7 and who has paid the fee mentioned in Section 10. However, if there is another applicant who validly claims a priority the date of which precedes that of the filing of the first application in the country, only his application can lead to a valid registration. According to the Model Law, priority can be claimed in two cases (Sections 8 and 9). The first is when an international convention, such as the Paris Convention, already mentioned in connection with Section 2, allows an applicant to claim priority on the basis of an earlier application filed in another country (Section 8); the second is when priority derived from exhibiting the mark at an official or officially recognized international exhibition is claimed (Section 9). These cases are explained in more detail in connection with Sections 8 and 9. However, already in the case of Section 4, subsection 2, it should be observed that a priority claim, in order to have effect, must of course be a valid one. This means that the claim has to fulfil the conditions of the Model Law (Sections 8 and 9) and of the convention concerned (for the Paris Convention, see Article 4, which states, *inter alia*, that priority may be claimed only on the basis of a "first" application filed in one of the member countries of the Paris Union). If several priorities are validly claimed, the earliest in date prevails over the others. If several applicants validly claim the same priority, the applicant who has filed his application first will prevail over the others.



### Section 5: Marks Inadmissible on Objective Grounds

**(1) Marks cannot be validly registered:**

- (a) which consist of shapes or forms imposed by the inherent nature of the goods or services or by their industrial function;**
- (b) which consist exclusively of a sign or indication which may serve, in the course of trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, or time of production or of supply, of the goods or services concerned;**
- (c) which consist exclusively of a sign or indication which has become, in the current language or in the bona fide and established practices of the trade of the country, a customary designation of the goods or services concerned;**
- (d) which, for other reasons, are incapable of distinguishing the goods or services of one enterprise from those of other enterprises;**
- (e) which are contrary to morality or public order and which, in particular, are liable to deceive trade circles or the public as to the nature, the source, the manufacturing process, the characteristics, or the suitability for their purpose, of the goods or services concerned;**
- (f) which reproduce or imitate the armorial bearings, flags and other emblems, initials, names or abbreviations of names, of any State or of any intergovernmental international organization or any organization created by an international convention, unless authorized by the competent authority of that State or international organization;**
- (g) which reproduce or imitate official signs or hall-marks adopted by a State, unless authorized by the competent authority of that State;**

*Subsection (1)* of this Section specifies the *objective grounds*—as distinguished from grounds deriving from subjective rights of third parties (Section 6)—on which certain marks cannot be registered. As observed in connection with Section 4(2), this provision and also Section 6 have, in practice, different effects in countries which examine applications *only as to form* (Section 11 and Section 12 (Alternative A)), and in countries which examine applications *also as to substance* (Section 11 and Section 12 (Alternative B)). In countries of the first category, admissibility under Section 5 will not be examined (Section 12 (Alternative A)(1)), and the mark will be registered even if it conflicts with the subsection under consideration. Of course, a Court may decide afterwards that, because of conflict with Section 5, the mark has not been *validly* registered. If it so decides, it will declare the registration null and void with retroactive effect (Sections 33 and 34). On the other hand, in countries where applications are examined as to substance by the Trademark Office, the examination will include the question of admissibility of the mark under Section 5 (Section 12 (Alternative B)(1)). Under that system, the registration of any mark which is in conflict with Section 5 will be *refused* (Section 12 (Alternative B)(2) and (9)). Refusals may be attacked by appeal to the Courts (Section 15), and granted registrations may be declared null and void by the Courts in certain circumstances (Section 33).

With respect to the grounds specified in the subsection under consideration, the following explanations may be of interest.

*Paragraph (a).* Section 1(2) allows "shapes of goods or containers" to be accepted as marks. These will be three-dimensional marks, as distinguished from two-dimensional marks consisting of words, pictures, or the like. However, since a mark is intended to *distinguish* the goods or services of one enterprise from those of other enterprises and not to *monopolize the shape or form* of a product, no registration should be allowed if the shape or form is imposed by the inherent nature of the goods, or by their industrial function, or by the nature or function of services for which they are destined. For example, the shape of a container is admissible as a trademark, but this is not the case if—or in so far as—the shape embodies only a function of the container (for example, ability to be filled more rapidly); also, a service mark can be constituted by the shape of a vehicle, but if—or in so far as—this shape is designed to permit greater speed, then it cannot constitute a mark. A mark can only be a distinctive form which does not depend on and is separable from the nature of the goods or services and their industrial function.

(h) which resemble, in such a way as to be likely to mislead the public, a collective mark whose registration has expired and has not been renewed, or in whose case the renunciation, removal, or nullity, has been recorded in the Register, in the course of the three-year period prior to the filing of the mark in question.

(2) To determine whether the mark can be validly registered, in the light of provisions (b) to (d) of the preceding subsection, account shall be taken of all the factual circumstances, particularly the length of time the mark has been in use in the country itself or in other countries, and the fact that the mark is held to be distinctive in other countries or in trade circles.

*Paragraph (b).* This provision declares inadmissible for registration as marks such signs or indications as must be considered exclusively *descriptive* of particulars of the goods or services concerned. Exclusively descriptive signs and indications cannot, by their very nature, serve to distinguish the goods or services of one enterprise from those of other enterprises and therefore must remain freely available to all. Signs and indications under this provision include not only verbal descriptions but also descriptions in the form of pictures. It should be noted that, under this provision, a sign or indication is inadmissible as a mark only if it is *exclusively* descriptive; it may be admissible as a mark if it contains only an allusion to a particularity of the goods or services concerned, or if it consists of a distinctive *combination* of elements which *separately* would be merely descriptive.

*Paragraph (c)* This paragraph is directed against the admission as marks of signs or indications which are or have become the customary designations ("*generic names*") of the goods or services concerned. It will be applied in the same manner as the preceding paragraph, that is, also to pictorial signs or indications, but only to those which are exclusively generic.

*Paragraph (d).* The preceding paragraphs (b) and (c) deal with signs or indications which are, because of their descriptive character, incapable of distinguishing goods or services of one enterprise from those of other enterprises. However, there are other signs or indications which are equally incapable of doing so, for example, signs which are too simple (a single star, circle, or letter) or too complicated (an adornment or decoration of the goods concerned or a slogan consisting of a recommendation to buy or use the goods or services). In both cases, these signs will not be taken or recognized by the public as signs serving to *distinguish* goods or services of one enterprise from those of other enterprises. The inadmissibility of such signs as marks is indicated in paragraph (d).

*Paragraph (e).* It must also be inadmissible to register as marks all signs or indications which are contrary to morality (for example, obscene pictures), or public order (for example, the emblem of a public authority or of a forbidden political party), or which, in particular, are liable to deceive trade circles or the public as to the relevant particularities of the goods and services concerned (for example, a sign which contains the word "butter," or the picture of a cow, will be inadmissible as a mark for margarine).

*Paragraph (f).* This paragraph is directed against the admission as marks of signs which reproduce or imitate, without authorization, flags and other emblems, names, etc., of *States* or *intergovernmental organizations* (such as the UN, Unesco, etc.) or *organizations created by an international convention* (such as the International

Committee of the Red Cross). Such marks cannot be admitted because they would create the false impression of a link between the goods or services concerned and the State or organization whose flag, emblem, or name, was reproduced or imitated.

*Paragraph (g).* This provision is analogous to the preceding paragraph and is directed against the reproduction as marks of official *signs* or *hall-marks* adopted by a *State*. The Paris Convention for the Protection of Industrial Property, already mentioned above, provides States and organizations with a procedure (Article 6ter of the Convention) whereby they can communicate the above emblems, signs, or hall-marks, to each other, and can object to such protection in certain cases.

*Paragraph (h).* This provision is designed to protect the public against deception with regard to a *collective mark* during a certain period (three years) after the expiration of its registration. A collective mark, as indicated in the explanation accompanying Sections 39 to 46, implies, to a certain extent, a guarantee that the goods or services to which it is applied have a common origin or other common characteristics, particularly as regards quality. It would be harmful to the public if, after the expiration of the registration of such a mark, a third party could immediately register the same or a confusingly similar mark, for his own purposes. This is why registration in such cases is declared inadmissible for three years.

The Second Model Law Committee, in discussing the above paragraphs, also devoted its attention to the question whether the list of signs or indications which are inadmissible as marks should not also include names and emblems of an exclusively *religious* character. It was observed, however, that, especially in countries where several religions are practised, or where, for example, the names of saints are commonly used as marks, it would be difficult to delimit the inadmissibility of such signs. On the other hand, it was admitted that in many cases paragraph (e), directed against marks which would be contrary to *public order*, would also exclude religious names and emblems from valid registration as marks. It was agreed, nevertheless, that countries which wished to do so would be perfectly free to add a paragraph to Section 5, specifying that religious names and emblems would also be inadmissible as marks.

*Subsection (2)* of the Section under consideration provides that, in the cases envisaged by paragraphs (b) to (d) of subsection (1)—where the question is whether the sign filed is sufficiently distinctive to serve as a mark—account must be taken of all the relevant factual circumstances, particularly the length of time during which the mark has been in use. This provision is necessary, because it may happen that a sign which is initially not distinctive acquires through use another

meaning (a "secondary meaning") which makes it distinctive. In this case, it becomes admissible as a mark. However, the Courts, and also the Trademark Office if it is entrusted with examination of applications for registration as to substance, remain free in their appreciation of these circumstances.

## Section 6: Marks Inadmissible by Reason of Third-Party Rights

### (1) Marks cannot be validly registered:

- (a) which resemble, in such a way as to be likely to mislead the public, a mark already validly filed or registered by a third party, or subsequently filed by a person validly claiming priority, in respect of the same goods or services, or of other goods or services in connection with which use of such marks might be likely to mislead the public;
- (b) which resemble, in such a way as to be likely to mislead the public, an unregistered mark used earlier in the country by a third party in connection with identical or similar goods or services, if the applicant is aware, or could not have been unaware, of such use;
- (c) which resemble, in such a way as to be likely to mislead the public, a trade name already used in the country by a third party, if the applicant is aware, or could not have been unaware, of such use;
- (d) which constitute a reproduction, in whole or in part, an imitation, a translation, or a transcription, likely to mislead the public, of a mark or trade name which is well known in the country and belongs to a third party;
- (e) which infringe other third-party rights or are contrary to the rules for the prevention of unfair competition;
- (f) which are filed by the agent or the representative of a third person who is the proprietor of

This Section deals with *rights of third parties* which may form an obstacle to the valid registration of a mark. As has been explained with regard to Section 5, the Section under discussion will also have a different effect in countries where applications for registration of marks are submitted to an examination only as to form, compared with those where the examination of applications also extends to substance. In countries of the first category, registration of a sign will not be refused if it conflicts with the Section under consideration, but such registration will not be valid and the Courts may declare it null and void. In countries of the second category, the registration of marks, inadmissible under this Section, will be refused. Such refusals may be attacked by appeal to the Courts, and granted registrations may be declared null and void.

*Subsection (1)* of this Section enumerates the cases in which a mark is inadmissible by reason of third-party rights. Three of these cases, dealt with in paragraphs (a), (b), and (c), respectively, present certain analogies because they all concern the resemblance of the mark whose registration is applied for to one or more other marks or trade names, namely, to a *mark* which is already *registered* in the country by a third party or already *filed* for registration or subsequently filed with a valid claim of priority (paragraph (a)), or which is, in certain circumstances, already *used* in the country by a third party (paragraph (b)), and, under certain conditions, to a *trade name* already *used* in the country by a third party (paragraph (c)). The question how these resemblances between marks or between a mark and a trade name must be judged is discussed in relation to Section 18, which deals with the question how a mark, *once registered*, is protected against the use of other marks or trade names resembling it.

This question being reserved, the following further explanations can be given with respect to the different paragraphs of the subsection under consideration.

*Paragraph (a)*. This paragraph elaborates further on the principles of Section 4(2), which provides that registration of a mark can validly be granted only to the person who was *first* to fulfil the conditions for valid application or who was the first validly to claim the earliest priority for his application. The provision means, in the first place, that a mark is inadmissible if

**these marks in another country, without the authorization of such proprietor, unless the agent or representative justifies his action.**

**(2) The consent of third parties mentioned under (a) to (e) of the preceding subsection may be taken into account in determining the admissibility of the mark.**

the same mark has already been validly registered, or validly filed, or subsequently filed with a valid claim of priority, by a third party, in respect of the same goods or services. However, in order to avoid possible confusion between marks, the provision is not limited to the same marks and the same goods and services: a mark is also inadmissible (i) when it *resembles*, in such a way as to be likely to mislead the public, a mark already registered, etc., and (ii) when the application for registration does not concern the *same* goods or services as the mark already registered, etc., but *other* goods or services provided these other goods or services are such that, if the mark to be registered is used in connection with them, the public is likely to be misled. To give a simple example: if the mark "Alpha" has already been registered for cigarettes, another applicant's application for the registration of the mark "Alfa" or "Apha" would be inadmissible, even if registration were applied for not in respect of cigarettes but for cigars or tobacco.

When a mark is admissible under the paragraph under discussion, and therefore is validly registered, it may still happen that its *use* will violate Section 18(b) with respect to an older registered mark. In such cases, this use can be stopped (Section 36), which would make the registration of this mark practically useless. This registration would then probably not be renewed (Sections 16 and 17) or it would be removed from the Register (Section 30).

*Paragraph (b).* This paragraph relates to the question discussed above in connection with Section 4(1), namely, the question of the relationship between *registration* and *use* of a mark. The system adopted by the Second Model Law Committee is such that the exclusive rights to a mark can be acquired only by registration, so that the owner of the registration can preclude third parties from the use of the same or a resembling mark (Section 18) even if the use by such third parties started at a date earlier than the filing or priority date of the application for registration. This system, however, should not allow for piracy or usurpation of unregistered marks which were already used by a third party, for identical or similar goods or services, before the application for registration, that is, if the applicant was aware, or could not have been unaware, of such use. Whether these latter conditions apply is a question of evidence. In some cases, it will be easy to prove that the applicant for registration has been aware of earlier use of the unregistered mark by a third party, where, for example, the applicant has been an employee of such third party, or his customer who has bought goods or used services under the unregistered mark concerned. In other cases, this direct proof of awareness will not be possible, but it may be feasible to prove that the applicant could not have been unaware of the earlier use of the unregistered mark by a third party, because, for example, the applicant had

been a subscriber to newspapers or trade periodicals in which the use of the unregistered mark had been extensively advertised.

If both parties, the applicant for registration and the third party, have used the mark before the application for registration, the registration will be inadmissible only if the use by the third party is the earlier use.

The Second Model Law Committee, in discussing this provision, expressed the opinion that countries which, before the adoption of a law based on the Model Law, had no trademark law or a trademark law which granted the right to a mark to the first user would be well advised to add to the Law a transitional provision enabling users of unregistered marks to claim registration, during a certain period, on the basis of first use. Provisions of this kind appear also in the Uniform Trade Mark Law for the Benelux countries.

**Paragraph (c)** This paragraph is directed against the admission of a mark which is confusingly similar to a *trade name* already used in the country by a third party, under the same conditions of awareness of such use as apply, under paragraph (b), to the earlier use of a *mark*. A provision of this kind, related to trade names, is necessary because confusion not only *between marks* of different parties but also between a *mark* distinguishing goods or services and a *trade name* identifying enterprises can be harmful to legitimate interests and detrimental to the public. That is why the Model Law deals with the relationship between marks and trade names in the following respects:

a *mark* cannot be validly registered if, in certain circumstances and in a certain way, it resembles a *trade name* already used in the country by a third party (paragraph (c), under consideration);

the same is true when the mark resembles too closely a trade name not used in the country but *well known there* (paragraph (d), to be discussed below);

a *mark*, once registered, is protected against the use of a resembling *trade name* by a third party, if such use is made without just cause and in conditions likely to be prejudicial to the interests of the registered owner of the mark (Section 18);

on the other hand, a *trade name*, once legitimately used, is protected against the use of a resembling *mark* by a third party (Section 48).

With respect to paragraph (c), now under consideration, it should be observed that, since a trade name does not distinguish goods or services, but identifies an enterprise, identity or similarity of goods or services cannot be a criterion for the admissibility of a mark resembling a trade name. A mark will be inadmissible only if it resembles the trade name "in such a way as to be likely to mislead the public," which will normally not be the case if the goods or services in connection with which the mark is used and the activities of the

enterprise under the trade name involved are sufficiently different.

With regard to both paragraphs (b) and (c), inadmissibility of a mark for registration depends, *inter alia*, on the question whether the applicant is aware, or could not have been unaware, of prior use of a similar mark or trade name by a third party. If the applicant is not aware, or could have been unaware, of such prior use, the registration of the mark must be admitted. This does not mean, however, that the use of the registered mark cannot sometimes be stopped if it is objectively confusing with a mark or trade name used earlier (Sections 52(a) and 48(2)). In such cases, the registration of the mark will become useless and will probably not be renewed at the expiration of its term (Sections 16 and 17) or it will be removed from the Register (Section 30).

*Paragraph (d).* This paragraph refers to a situation, also partly covered by Article 6*bis* of the Paris Convention, in which a mark or a trade name is well known in the country, in most cases because it is well known all over the world. Examples given of this situation in the Second Model Law Committee concerned marks such as "Rolls Royce" or "Coca-Cola" and a trade name like "Hilton." In these cases, even if the mark or the trade name has not yet been used in the country itself, or if, when it has been used, the conditions of paragraphs (b) and (c) would not apply, it would clearly be against the public interest, because the public would probably be confused if a party other than the owner of the mark or the trade name registered it. The paragraph under discussion declares such registration inadmissible, not only in the case of a total or partial *reproduction* of the well-known mark or trade name but also in the case of an *imitation*, a *translation*, or a *transcription* (reproduction in other script or with the same phonetic effect), provided it is likely to mislead the public. In these cases, inadmissibility is not limited to identical or similar goods or services but applies to any goods or services, not only because the identity or similarity of goods or services is irrelevant in connection with trade names, but also because the reproduction, etc., of a well-known mark, even for entirely different goods or services, may mislead the public as it might wrongly believe that there is a link between the sources of these different goods and services.

It was pointed out in the Second Model Law Committee that only the Courts—or, if entrusted with examination of applications as to substance, also the Trademark Office—of the country concerned would be competent to judge whether a mark or a trade name was well known in the country.

*Paragraph (e).* This paragraph envisages cases where the registration of a mark would infringe third-party rights other than those already mentioned, or would

be contrary to the rules for the prevention of unfair competition. Examples of the first situation would exist when the mark consisting of a picture infringes the copyright of another person, or when the mark contains, without his authorization, the name or the portrait of a person—for example, a statesman or a famous doctor—and such use of the name or portrait infringes the right of privacy of such person. An example of a mark which would be contrary to the rules preventing unfair competition would be a mark containing a picture of the building which is the seat of a competitor, provided such a building is well known.

*Paragraph (f).* This paragraph relates to the special situation in which the agent or representative of a person who, in another country, is the proprietor of the mark tries to have the mark registered in his own name without the authorization of that person or other justification. This case is also covered by the Paris Convention in Article 6*septies*. It was agreed in the Second Model Law Committee that the words "agent or representative" must not be taken in any narrow legal sense and could therefore apply also to a mere distributor of the goods bearing the mark. An example of justified action by the agent or representative would be the case of a proprietor, in a foreign country, of the mark who had caused the agent or representative to believe that he, the proprietor, had abandoned the mark.

*Subsection (2)* of the Section under consideration provides that when the admissibility of the registration of a mark is questioned because of third-party rights, consent to the registration by the interested third parties may be taken into account. However, whether the consent suffices to justify registration is a matter for the discretion of the Courts and the Trademark Office. The consent of an interested party may not always be decisive since avoiding registration, for the same or similar goods or services, of a mark resembling another mark is in the interest not only of competitors but also of the public. On the other hand, the consent in question may be decisive in cases, for example, where the resemblance between the marks is debatable, and also in other cases where the interest of the public is not involved.



## CHAPTER II: PROCEDURE FOR REGISTRATION

This Chapter deals with the registration of marks and related questions. It contains nine Sections (7 to 15) and, in the case of one of them (Section 12), two Alternatives (A and B).

Sections 7 to 10 set out the requirements—some mandatory, some optional—to be fulfilled in making application for registration of a mark: Section 7 enumerates the particulars which the application must contain and provides that the application must be filed with the Trademark Office (in most countries the same office as the Patent or Industrial Property Office, or a division of that Office); Section 8 deals with the right of priority based on an earlier application filed in another country; Section 9 grants a similar priority based on the exhibition of the mark at an official or officially recognized international exhibition; Section 10 provides for the payment of a fee.

Sections 11 and 12 deal with the examination of applications.

Sections 13 and 14 deal with the registration itself, with certain communications, and with the publication of registrations.

Finally, Section 15 makes provision for appeal against decisions of the Trademark Office.

The subject of *examination of applications* (Sections 11 and 12) calls for some special introductory observations because it raises important questions and, as already indicated, has consequences regarding the effect of a number of other provisions of the Model Law.

The basic question involved is whether Trademark Offices should examine applications only as to their form or also—and, in which case, to what extent—as to their substance.

Examination *only as to form* (Section 11 and Section 12 (Alternative A)) is limited to determining whether the application contains all the required data (Section 7), whether the prescribed fee has been paid (Section 10), and, when priority is claimed (Sections 8 and 9), whether the formalities to that effect have been fulfilled.

Examination *as to substance* (Section 12 (Alternative B)) includes the determination of the question whether the mark is inadmissible on any of the grounds referred to in Sections 5 and 6.

The advantages and disadvantages of both systems were thoroughly discussed by the Second Model Law Committee. It was generally agreed that a system including examination as to substance was preferable, because this system reduced to a great extent the chances that marks inadmissible under Sections 5 and 6 would be registered. Thus, the Register would normally contain only marks which are admissible, and, more particularly, which do not conflict with rights of third parties. The Register would, therefore, give a generally faithful picture of the legal situation existing with respect to marks. The resulting security is, of course, important for the owners of marks, their competitors, and the general public. Moreover, the burden of the Courts of the country would be lightened, because lawsuits concerning infringement of a mark, registered after examination as to substance, would be based on a more realistic appreciation of the situation, whereas lawsuits requesting a declaration of nullity of the registration of a mark already examined as to substance would probably not be frequent.

However, it was admitted by the Second Model Law Committee that the system of examination as to substance might not—or not immediately—be within the means of a developing country, because such a system requires a rather numerous and highly qualified personnel and the country might not have such personnel available for the purposes of its Trademark Office. A highly qualified personnel would be necessary because it would have to decide the frequently very difficult question whether a mark is inadmissible on objective grounds (Section 5) or by reason of rights of third parties (Section 6).

In view of these difficulties, it may be necessary for developing countries, at least in the initial stages, to provide merely for a system of examination as to form. Such a system is simpler and less expensive; it also leads to quicker decisions as to registrability, which could be an advantage in itself. It should be pointed out, however, that even this system requires qualified and experienced personnel, albeit in smaller numbers than under the other system, because examination as to form only must also deal with some difficult questions. One of these is: whether the application contains a clear and complete list of the particular

goods and services in respect of which registration is requested, together with an indication of the corresponding class or classes of the international classification (Section 7(1)(d)). This examination is necessary because, without a clear description of the goods or services, the extent of the protection of the mark (Section 18(a)) could be uncertain and, in the absence of an indication of the class or classes, the effect attaching to such indication (Section 30(4)) could not be achieved. Another difficult question which has to be examined, even if the examination is limited to form, is whether the regulations governing the use of a *collective mark* satisfy the conditions of the Law (Section 40).

The main disadvantage of a system of examination as to form only is that marks inadmissible under Sections 5 and 6 will be registered. It is true that the registration of these marks can always be declared null and void, with *retroactive effect* (Sections 33 and 34), but such annulment requires action before the Courts, action which might be long and costly, and, until annulment is finally declared, the unjustified registration would have a deterrent and confusing effect, which might be harmful to trade.

In view of these conflicting considerations, the Second Model Law Committee expressed the wish that the Commentary on the Model Law should indicate intermediate possibilities. These possibilities are discussed in connection with Section 12 (Alternative B).

Each country will have to decide, according to its means and preferences, on the extent to which it wishes to examine applications.

## Section 7: Requirements of Application

**(1) The application for registration of a mark shall be made to the Trademark Office and shall contain:**

- (a) a request for the registration of the mark;**
- (b) the complete name and address of the applicant and, if the applicant's address is outside the country, an address for service within the country;**
- (c) four copies of a representation of the mark;**
- (d) a clear and complete list of the particular goods or services in respect of which registration of the mark is requested, with an indication of the corresponding class or classes according to the classification referred to in the Nice Agreement, of June 15, 1957, concerning the International Classification of Goods and Services to which Trademarks are Applied.**

**(2) If the application for registration of a mark is filed through an agent, it shall be accompanied by a power of attorney signed by the applicant; legalization or certification of the signature shall not be necessary.**

This Section regulates the contents of an application for registration of a mark.

According to *subsection (1)*, the application must contain, in the first place, a request for the registration of the mark (paragraph (a)). It is usual to put at the disposal of the applicant a form for this purpose.

Secondly, the application must indicate the complete name and address of the applicant. If the applicant's address is outside the country, he must also indicate, in his application, an address for service in the country (paragraph (b)). This is necessary to ensure to the maximum extent possible that any communication addressed, by virtue of the Law, to the registered owner of the mark will reach him (see, in this respect, Section 13 and the commentary thereon).

Thirdly, the applicant must submit to the Trademark Office four copies of a representation of the mark (paragraph (c)). The Rules, which, according to Section 7(3), would have to fix the details of the formal requirements of the application, should specify what constitutes a representation of the mark. The representation could be, in the case of a word mark, a copy of the word; in the case of a figurative mark (or a mark which includes a figurative element, such as a special type of letter or a way of writing), a reproduction together with a printing block; in the case of a three-dimensional mark, photographs with a description. The number of copies prescribed is four, as three are necessary to meet the requirements of registration (Section 13(2)), communication to the owner (Section 13(3)), and publication of the registration (Section 14), while one copy would be held in reserve.

**(3) The details of the above requirements with which the application for registration of a mark must comply shall be fixed by the Rules.**

Finally, the application must contain a clear and complete list of the particular goods or services in respect of which the registration of the mark is requested, with an indication of the corresponding class or classes according to the International Classification (paragraph (d)). The said Classification is applied by a considerable number of countries.

During the discussion on this provision in the Second Model Law Committee, it was pointed out that the indication of *both* the *particular* goods or services to which the application applies *and* the corresponding *class or classes* was desirable, if not necessary.

Indication of a class or classes without listing the particular goods or services—although conceivable—would generally not be sufficient, because a product or service may belong to several classes. Furthermore, an applicant may wish to except certain goods or services from a class, in which case third parties should be precisely informed about his intention. Listing the goods and services alone, without indicating the class or classes, would not suffice, because the effect attaching to the indication of classes provided for in Section 30(4) could then not ensue.

It should be pointed out that the indication of a class or classes, with or without listing the goods or services, will *not* be binding when the question is decided whether the registration or use of identical or resembling marks for certain goods or services is likely to mislead the public. This question has to be answered on its own merits regardless of the classification: identical or similar marks may mislead the public even if used for goods or services not belonging to the same class, or may not do so if used for goods or services within the same class.

The Second Model Law Committee discussed the question whether one registration should be allowed to embrace goods and services in more than one class (as follows from Section 7(1)(d)), or should be limited to one class only. Although the latter system is conceivable, it is simpler to allow one and the same registration to cover goods and services in more than one class. In the latter case, the fee referred to in Section 10 may be so fixed that it increases with the number of classes claimed.

*Subsection (2)* deals with the frequently recurring situation in which the application for registration is filed through an agent of the applicant rather than by the applicant himself. The subsection states that in such cases the application shall be accompanied by a signed power of attorney and that no legalization or certification of the signature of the applicant shall be necessary.

This latter provision was discussed in detail in the Second Model Law Committee. It was adopted because of the consideration that filing of applications should be as simple and cheap as possible. It was also

considered that the filing of an application was not the only, and not even the most important, step for which the applicant may wish to have the assistance of an agent, and that it would be illogical to require legalization or certification of a power of attorney only in such a case. It was understood by the Committee that all questions relating to the scope of the power of attorney and the responsibilities it implies should be left to the civil or commercial law of the countries concerned.

*Subsection (3)* is self-explanatory.

### Section 8: Right of Priority

**The applicant for registration of a mark who wishes to avail himself of the priority of an earlier application filed in another country is required to append to his application a written declaration, indicating the date and number of the earlier application, the country in which he or his predecessor in title filed such application, and the name of the applicant, as well as, within a period of three months from the date of the later application, to furnish a copy of the earlier application, certified as correct by the Industrial Property or Trademark Office of the country where it was filed.**

This Section prescribes the form in which an applicant, wishing to avail himself of the priority of an earlier application made abroad for the same mark in respect of the same goods or services, must present his claim.

The Section has relevance only for countries which are bound by at least one multilateral or bilateral convention providing for the right of priority. As long as a country is not bound by any such convention, it may omit this Section altogether. Of course, it may also retain it in anticipation of its accession to such a convention.

On the other hand, for certain countries the Section is not complete and will have to be supplemented by additional provisions. The Section deals only with *the form* in which priority may be claimed; it does not define the right of priority and the legal consequences thereof. This definition and these legal consequences usually appear in the conventions providing for a right of priority. In countries where conventions need no implementing domestic legislation (see the commentary on Section 2), the provisions of the conventions, together with Section 8, will suffice. But in countries where implementing legislation is a constitutional requirement, Section 8 will have to be completed by the relevant convention's provisions on the right of priority.

The most important among the conventions providing for a right of priority is the Paris Convention for the Protection of Industrial Property. Article 4 of that Convention contains a detailed regulation of the right of priority. The Article provides, among other things, that any person who has duly filed a first application for the registration of a trademark, in one of the contracting States, or his successors in title, shall enjoy, for the purpose of filing applications for the registration of the same trademark in the other contracting States, a right of priority during a period of six months from the date of filing of the first application. Such application filed within this period shall not be " invali-

dated " through any acts accomplished in the interval, such as, for instance, by another filing or by use of the mark, and these acts cannot give rise to any right of third parties.

As already stated, the Section under consideration indicates the formal requirements to be fulfilled by the applicant if he wishes to claim priority. He has to do two things, namely: (i) append to his application a written declaration to the effect that he claims priority, indicating certain data allowing the earlier (foreign) application to be identified, and, (ii) within three months from the date of the subsequent (domestic) application, furnish a certified copy of the earlier (foreign) application.

### **Section 9: Temporary Protection of Mark Exhibited at International Exhibition**

**(1) The applicant for registration of a mark who has exhibited goods bearing the mark or services rendered under the mark at an official or officially recognized international exhibition and who applies for registration of that mark, within six months from the day on which the goods bearing the mark or the services rendered under the mark were first exhibited in the exhibition, shall, on his request, be deemed to have applied for registration on that day.**

**(2) Evidence of the exhibition of goods bearing the mark or services rendered under the mark must be given by a certificate issued by the competent authorities of the exhibition, stating the date on which the mark was first used in connection with goods or services included in the exhibition.**

**(3) The provisions of this Section shall not extend any other period of priority claimed by the applicant.**

This Section, which was inserted in the Model Law at the request of the Second Model Law Committee, deals with the temporary protection of marks which are used in connection with goods or services exhibited at certain international exhibitions. The provision gives effect to Article 11 of the Paris Convention for the Protection of Industrial Property, but may also be adopted by countries which are not parties to that Convention, whether they plan to accede to the Convention or not.

The underlying idea of the Section is that some protection against piracy must be given to a person who exhibits goods or services with his mark at an international exhibition of an official character without obliging him to apply for registration of the mark before he knows that such exhibition has met with success and that he has, therefore, an interest in exploiting the mark further. The protection envisaged consists of giving to the interested party, whose use of the mark at the exhibition is already protected to some extent by the provisions directed against acts of unfair competition (Sections 50 and 52(a)), also a right of priority for registration of his mark during a period of six months from the day on which the goods bearing the mark or the services rendered under the mark were first exhibited in the exhibition.

This provision is justified only when it is applied within certain strict limits. Such limits are provided for in the Section under consideration.

*Subsection (1)* specifies that the right of priority for a subsequent application for registration of a mark can benefit only the person who, or enterprise which, has exhibited goods bearing the mark, or services rendered under the mark, at an exhibition which is both *international* and *official* (that is, organized by the State or some other public authority) or *officially recognized*

(that is, recognized as such by the State or some other public authority). Such exhibition may be of an industrial, commercial, agricultural, or any other, character, but must satisfy the above conditions. In case of controversy, it will be a matter for the discretion of the Courts of the country in which the provision is invoked to decide whether these conditions have been fulfilled.

Under the conditions indicated, the effect of exhibiting the mark at an international exhibition will *also be international* in scope: a right of priority is created for a subsequent application for registration, not only in the country in which the exhibition took place, but in all other countries which have adopted the same provision. This "international" effect is necessary to prevent international pirating of marks.

Subsection (1) specifies further that the right of priority for subsequent registrations in the countries concerned shall be recognized, on request, only if the application is filed *within six months* from the day on which the goods bearing the mark or the services rendered under the mark were *first* exhibited in the exhibition.

*Subsection (2)* concerns the evidence of the fact of exhibiting goods and services and provides that such evidence can be furnished only by a certificate issued by the competent authorities of the exhibition, stating the date on which the mark was first used at the exhibition. This certificate must be required by the Trademark Office for the purposes of its examination as to form (Section 11(2)), if the priority under Section 9 is claimed.

*Subsection (3)* states that the priority claimed under this Section shall not extend any other period of priority claimed by the applicant. Thus, for example, if an applicant has filed an application in another country, to which Section 8 applies, on April 1 of a certain year, and has exhibited his mark at an official international exhibition on July 1 of the same year, he may either claim priority under Section 8 for six months as of April 1, or he may claim a later priority under Section 9, again for six months, as of July 1, but he may not prolong the priority based on the earlier filing by three additional months based on the later exhibition.

## Section 10: Payment of Fees

**An application for registration of a mark shall not be accepted unless the fee prescribed by the Rules has been paid.**

This Section deals with the payment of the fee required in respect of an application for registration of a mark. A consequence of this provision is that, if the fee reaches the Trademark Office on a later date than the application, then the effective date of the application will be the date on which the fee reached the Office.

## Section 11: Examination of Application as to Form

**(1) The Trademark Office shall examine the application as to its conformity with Sections 7, 8, 9, and 10.**

**(2) If the provisions of Sections 7 or 10 have not been complied with, the Office shall refuse to register the mark; if the requirements of Sections 8 or 9 are not fulfilled, the Office shall not mention, in respect of the registration of the mark, the priority claimed or the certified use of the mark at an international exhibition.**

Whatever the system of examination of applications for registration of marks adopted by a country, its Trademark Office must examine each application as to its compliance with the *formal* requirements of the Law. Section 11 deals with such examination.

*Subsection (1)* refers to the Sections which must be considered in connection with the examination as to form. These are Sections 7, 8, 9, and 10.

*In connection with Section 7*, the Office must examine whether the application contains the elements enumerated in that Section (a request for registration; the name and address of the applicant; the necessary copies of a representation of the mark in accordance with the Rules; the list of goods or services in respect of which the registration of the mark is requested, with an indication of the corresponding class or classes). In cases where the application is filed through an agent, the Office will also verify whether it is accompanied by a duly signed power of attorney.

It has already been pointed out that, in particular, the examination of the list of goods or services with the indication of the corresponding class or classes is always important and sometimes difficult.

If the requirements of Section 7 are not complied with, the Office will refuse to register the mark (Section 11(2)). The registration can also be suspended in order to enable the applicant to complete or revise his application, but then the effective date of the application will be the date on which it has been put in order.

*In connection with Section 8*, the Office must examine—in cases where priority on the basis of an earlier application in another country is claimed—whether the written declaration requested in such cases contains all the necessary indications. It will also have to examine, in due course, whether a certified copy of the earlier foreign application has been filed.

Non-compliance with these requirements will not result in refusal to register the mark; the only consequence will be that the Office will not mention, in respect of the registration of the mark, the priority claimed (see subsection (2) of the Section under consideration).

It will also be considered as a question of form whether the subsequent application for which priority is claimed has been filed within the period of priority and whether it relates to the same mark and concerns the same goods or services as the earlier foreign application on which the claim of priority is based. The Trademark Office will therefore examine this question as well. It will not, however, examine questions of substance, such as, whether the invoked foreign application was the *first regular* national filing made or whether the applicant is the successor in title of the

person who filed the foreign application. These questions, if contested, will be resolved by the Courts. If the registration of a mark contains a reference to an invalid priority claim, the Court will declare the priority claim null and void (with the possible consequence that the mark will no longer be considered the first to have been filed and, therefore, the registration itself will be declared null and void in application of Sections 33 and 6(1)(a)); if, on the other hand, the Trademark Office does not mention, in respect of the registration of the mark, a priority validly claimed, the Court will order that the reference be included in the registration (with the possible consequence that the registration will survive in an action requesting that it be declared null and void, because it will benefit from the claim of priority).

*In connection with Section 9*, the Office must examine—in cases where priority on the basis of exhibition of the mark in an international exhibition is claimed—whether the claim is made within the period of priority and whether the certificate filed to that effect is in conformity with Section 9(2), that is, whether it is issued by the competent authorities of what is stated to be an official or officially recognized international exhibition, whether it indicates the date on which the mark was first used in connection with goods or services included in the exhibition, and whether these goods or services are the same as those in respect of which registration of the mark is requested.

Non-compliance with these requirements will not result, in refusal to register the mark, but only in refusal to mention the certified use of the mark at an international exhibition (see subsection (2) of the Section under consideration).

The Trademark Office will not examine the more difficult questions of substance, such as, whether the statement that the exhibition concerned was international and official or officially recognized is true, or whether the certificate stating the date of first use of the mark in the exhibition was in conformity with the facts.

These questions, if contested, will be resolved by the Courts, with the same possible consequences as have been indicated with respect to the priority claimed under Section 8.

*In connection with Section 10*, the Office must examine whether the prescribed fee has been paid. If it has not been paid, the application may be kept in abeyance until payment of the fee is made and will otherwise be refused.



## Alternative A

### Section 12: Registration of Mark without Examination of Application as to Substance

**(1) When the examination referred to in Section 11 shows that the application satisfies the requirements of Sections 7 and 10, the mark shall be registered, as applied for, without further examination, and particularly without examination of the question whether registration is contrary to Sections 5 and 6.**

**(2) When the examination referred to in Section 11 shows that the provisions of Sections 8 or 9 have been complied with, the Office shall record, in respect of the registration, the priority claimed or the date of certified use of the mark at an international exhibition.**

Alternative A of this Section embodies the system whereby applications are examined *as to form only* and *not* also as to substance. In this system, the question whether a registration is in conformity with the provisions of the Model Law as to substance, particularly Sections 5 and 6, will be judged by the Courts only if, after registration, it is requested that the registration be declared null and void (Section 33) with retroactive effect (Section 34(1)).

*Subsection (1)* of the Section under consideration deals with the application itself. If the application is found to be in order according to Section 11, the mark will be registered.

*Subsection (2)* applies the same system to claims of priority under Sections 8 or 9.

It is self-evident that under this system the registration of a mark does not imply any guarantee of its validity. The Second Model Law Committee considered it superfluous to state this absence of guarantee, although a statement to that effect appears, in analogous circumstances, in the Model Law on Inventions (Section 18 (Alternative A)(3) of that Model Law).

## Alternative B

### Section 12: Registration of Mark after Examination of Application as to Substance and Opportunity for Opposition

**(1) When the examination referred to in Section 11 shows that the application satisfies the requirements of Sections 7 and 10, the Trademark Office shall proceed to the examination of the question whether or not the registration of the mark is precluded on one or more of the grounds referred to in Sections 5 and 6.**

**(2) When the Office finds that the answer to the question in the preceding subsection is in the affirmative, it shall notify the applicant accordingly, stating the grounds on which the mark cannot be registered; it shall invite the applicant to withdraw his application or to communicate his observations on the grounds for refusal, within a period of two months. If the applicant does not withdraw his application and does not communicate**

In contradistinction to Alternative A, Alternative B of this Section embodies the system whereby marks are registered only after full examination of the applications, not only as to form (Section 11) but also as to substance, and whereby opportunity is further given to third parties to oppose registration.

The Section is to a large extent self-explanatory and only a few observations need to be made.

No examination of priority claims as to substance is provided for since the examination of these claims as to form under Section 11 already covers to a great extent the questions which may arise. Further questions as to substance with respect to these claims may be safely left to the Courts, which, if required to declare a registration null and void, will also, when these claims are contested, consider whether they were founded or not.

A further important point is that any person opposing the registration of a mark (subsection (7)) may invoke not only his own rights but any of the grounds

his observations within the stated period, or if, despite the fact that he has communicated his observations within the prescribed period, the Office continues to consider that the mark is precluded from registration, registration shall be refused. If, on the other hand, the Office considers that the mark may be registered, subsection (4) shall apply.

(3) When the Office finds that the answer to the question in subsection (1) is in the affirmative for only part of the goods or services indicated in the application, it shall apply the preceding subsection in respect of that part and suspend application of the following subsections until such time as a decision under the preceding subsection has been taken.

(4) When the Office finds, possibly after proceeding under subsections (2) or (3), that the answer to the question in subsection (1) is in the negative, it shall invite the applicant to pay, within a period of two months, the fee for publication of the application fixed by the Rules.

(5) If the fee for publication of the application is not paid within the prescribed period, registration of the mark shall be refused.

(6) If the fee for publication is paid within the prescribed period, the Office shall proceed to publish the application, mentioning: the date of application; the goods or services in respect of which registration of the mark is requested, with the indication of the corresponding class or classes; the name, address and, where appropriate, the address for service, of the applicant; the priority claimed or the date of certified use of the mark at an international exhibition.

(7) Any person who considers that registration of the mark is precluded on one or more of the grounds referred to in Sections 5 and 6 may give notice of opposition to such registration within a period of three months from the date of publication of the application, stating his grounds for opposition. Opposition shall not be deemed to have been lodged until the relevant fee fixed by the Rules has been paid.

mentioned in Sections 5 and 6 which preclude valid registration.

The Second Model Law Committee was of the opinion that after full examination, as provided for in the Alternative under consideration, the possibility of requesting that the registration be declared null and void should be limited (see proposed addendum (subsection (3)) to Section 33). The validity of the registration of a mark would be guaranteed to the extent of the limitation. Since such guarantee does not exist under Alternative A, the degree of probability of the registration's validity would be much higher under Alternative B than under Alternative A.

The Second Model Law Committee further expressed the opinion that Alternatives A and B were not the only possibilities which might satisfy the needs or preferences of developing countries and that other possibilities should be indicated in this Commentary.

The following are among such other possibilities.

Examination as to substance could extend to some only of the points indicated in Section 5; for instance, only to the question whether the mark is contrary to morality or public order (Section 5(e)).

Examination as to substance could be prescribed without any opportunity for opposition, or, on the contrary, it could be provided that applications would be published for opposition and only those would be examined as to substance which had, in fact, been opposed.

Examination as to substance could be limited to the objective grounds for inadmissibility (Section 5), whereas third-party rights (Section 6) would be examined only if invoked in an opposition.

Still another possibility which was specially mentioned in the Second Model Law Committee would consist in providing for both systems and creating two separate registers: one for marks for which full examination has been requested and carried out, and the other for marks for which no examination as to substance has been requested and which therefore have been examined only as to form. The fee in the latter case would be lower than in the former. The applicant could choose between the two registers. If he wishes to obtain a registration quickly and cheaply, he will ask for examination as to form only but the resulting registration will contain no guarantee at all as to its validity. If he prefers to have recourse to a procedure which is slower and more expensive, he will ask for examination as to substance as well, and the resulting registration will imply a presumption as to validity and may, after a certain period and to a certain extent (Section 33, proposed subsection (3)), become incontestable.

(8) If no opposition has been lodged within the prescribed period, the mark shall be registered.

(9) In the event of opposition, the Office shall communicate the grounds of opposition to the applicant and shall invite him to present his observations on these grounds within a period of three months. After this period, the Office shall decide on the opposition as rapidly as possible and shall register the mark or refuse registration.

(10) In the event of registration, the Office shall, if the examination referred to in Section 11 has shown that the provisions of Sections 8 or 9 have been complied with, record, in respect of the registration, the priority claimed or the date of certified use of the mark at an international exhibition.

(11) The Office may, on request, grant a reasonable extension of any of the periods referred to in this Section, particularly if the applicant is residing abroad, or if the Office is informed that the opposing party and the applicant are negotiating with each other.

(12) The details of the application of this Section shall be fixed by the Rules.

### Section 13: Registration of Mark and Issuance of a Certificate

(1) The Trademark Office shall maintain a Register in which shall be registered marks, numbered in the order of their registration, and in which shall be recorded, in respect of each mark, all transactions to be recorded by virtue of this Law.

(2) The registration of a mark shall include a reproduction of the mark and shall mention: its number; the name and address of the registered owner and, if the registered owner's address is outside the country, his address for service within the country; the dates of application and registration; if priority is claimed, an indication of this fact, and the number, date and country of the application, basis of the priority claimed; if a certificate concerning exhibition of the mark at an international exhibition has been filed, the contents of this certi-

This Section deals with the following subjects: registration of marks and recording of transactions related to them (subsection (1)), contents of the registration (subsection (2)), communication by the Trademark Office of a certificate of registration (subsection (3)), recording of changes of address or address for service (subsection (4)), and the address or addresses to which communications intended for the registered owner are to be sent (subsection (5)).

Once the application has been examined by the Trademark Office—whether as to form only or also as to substance—and registration has not been refused (Sections 11(2) and 12 (Alternative B)(2), (5), (9)), the mark must be registered (Section 12 (Alternative A)(1) and (Alternative B)(8), (9)).

Subsection (1) of the Section under consideration deals with the registration of the mark and the recording of transactions with respect to it. Registration, it is recalled, is the act which creates the exclusive right to the mark (Sections 4 and 18).

ificate; the list of goods or services in respect of which registration has been granted, with the indication of the corresponding class or classes.

**(3) The Office shall establish and send by registered mail a certificate of the registration to the registered owner at his address or, if his address is outside the country, at his address for service.**

**(4) The Office shall record any change of address, or address for service, which shall be notified to it by the registered owner.**

**(5) In the absence of any provision to the contrary in this Law, communications to be made to the registered owner by virtue of this Law shall be sent to him at his last recorded address and, at the same time, at his last recorded address for service.**

The contents of the registration are prescribed in *subsection (2)*, which is self-explanatory.

*Subsection (1)* prescribes the recording in the Register, with respect to each mark, of all transactions to be recorded by virtue of the Law. Such transactions are: changes of address (Section 13(4)), renewals of registrations (Section 17(5)), assignments and transfers (Section 21(4)), license contracts (Section 22(3)), renunciation of the mark (Section 29(2)), removal of the mark and declaration of nullity (Section 35), and, with respect to collective marks, the regulations governing the use of the mark (Section 42), changes in these regulations (Section 43(2)), and transfers of registrations (Section 45(2)).

*Subsection (3)* prescribes the manner in which the Trademark Office must send a certificate of registration to the registered owner.

*Subsection (4)* prescribes the recording of all changes of address, or of address for service, changes which the registered owner must notify to the Trademark Office, and *subsection (5)* deals with the manner in which communications to be made to the registered owner by virtue of the Law must be effected. Such communications are necessary in connection with requests for removal of the mark (Section 32(1)), requests for a declaration of nullity of the registration (Section 33(1)), and legal proceedings by a licensee (Section 38(1)).

The purpose of subsections (3) to (5) is to ensure that important communications will reach the registered owner. In the Second Model Law Committee, the question what would happen if the registered owner failed to notify a change of address was raised. The answer is that communications would continue to be sent, at the registered owner's risk, to his last known address.

## **Section 14: Publication of Registered Marks; Consultation of Register**

**(1) The Trademark Office shall publish, in the form and within the period fixed by the Rules, marks registered, in the order of their registration, reproducing all the particulars referred to in Section 13(2).**

**(2) Marks registered at the Trademark Office may be consulted free of charge at that Office, and any person may obtain copies thereof at his own expense. This provision shall also be applicable to transactions recorded in respect of any registered mark.**

*Subsection (1)* deals with the publication of registered marks. Such publication is necessary, and it should be effected as soon as possible after registration, because registration of a mark confers upon its owner the right to preclude third parties from certain acts (Section 18). Third parties must therefore be made aware of this right within the shortest possible period of time.

The form and the period in which the publication of registrations of marks will have to be effected must be regulated by the Rules, taking account of the possibilities existing in the country concerned. Usually publication is effected in a special gazette, published by the Trademark Office or by the Patent and Trademark Office. If no such special gazette is provided for, publication may be effected in any other gazette or publication issued by the government.

The provision under discussion specifies that marks will be published in the order in which they were registered. Another possibility would be to effect the publication of marks in the order in which their registration was applied for, but this system could be misleading because it would not take account of priority rights. It would also lead to complications in countries where applications for registration are submitted to an examination as to substance, an examination which may, from case to case, take a very different time.

The subsection under discussion provides further that publication will include all the particulars referred to in Section 13(2). This is necessary in order fully to inform third parties.

Countries which choose to follow Alternative B of Section 12 will have to provide for the publication of *applications* for the purpose of opposition by third parties (Section 12 (Alternative B)(6)). If no opposition is lodged or if the opposition lodged is unsuccessful, there will be no need to publish again all the particulars when registration is effected, since most of them are the same in the application and in the registration. Such countries may therefore prescribe that in the said cases publication of the registration will merely consist of the number and the date of the registration and a reference to the application as published.

*Subsection (2)* of the Section under consideration provides for access to all registered marks, free of charge, by any member of the public, and for the possibility that any person may obtain copies of marks, as registered, at his own expense. Such access should be free of charge because it is in the public interest that registered marks may be consulted as freely as possible. Only when copies are ordered is payment provided for. The same provisions apply to all transactions recorded with regard to any mark, such as, changes of address (Section 13), renewals (Section 17), assignments and transfers (Sections 21 and 45), license contracts (Section 22), renunciations (Section 29), decisions on removal and nullity (Section 35), and regulations governing the use of a collective mark (Sections 42 and 43).

## Section 15: Appeals

**Any person aggrieved by a final decision of the Trademark Office, taken by virtue of the provisions of this Chapter, shall have the right to appeal to the Court of the place where the Office is located, under the conditions prescribed in Section 54.**

As observed with respect to several provisions of the Model Law, examination of applications will often necessitate the making of difficult decisions. In order to invest the examination procedure with every possible guarantee of the correctness of the result, it is desirable to make provision for the possibility of control by a judicial authority. This is done in the Section under consideration, which further refers to Section 54, as regards the competence of the ordinary Courts and the possibilities of further appeal, revision, etc. The

possibility of appeal to a judicial authority would not, of course, exclude provision for administrative recourse within the Trademark Office. Only after a final decision on such recourse would appeal to a judicial authority then become possible. With respect to these procedural questions, every country adopting the Model Law would have to harmonize the Law with its general legal system.

In the Second Model Law Committee, the question was raised whether, once a Court approved or ordered the registration of a mark in view of Sections 5 or 6, it should still be possible to request a Court—possibly the same Court—to declare the registration null and void under Section 33 on grounds found in the same Sections 5 or 6. It was believed that this possibility should exist because, in the action for annulment of the registration, new facts could be considered.

### CHAPTER III: DURATION AND RENEWAL OF REGISTRATIONS OF MARKS

This Chapter contains provisions dealing with the duration of the registration of a mark (Section 16), and with the renewal of such registration (Section 17).

#### Section 16: Duration of Registration

**Subject to earlier termination as provided for in Sections 29 to 35, registration of a mark shall be for a period of ten years from the date of registration.**

Whereas a mark already has certain effects when it is only *filed* for registration (Section 6(1)(a)), or merely *used* in the country (Sections 6(1)(b) and 5(2)), or is well known there (Section 6(1)(d)), its full protection by the Law (Section 18) depends upon its *registration*. In nearly all countries it has been found necessary to limit the registration, subject to renewal, to a certain period of time. Such limitation is necessary in order to prevent the Register from continuing to show as being protected marks which are no longer of any legitimate interest to their owners but which, because of their presence in the Register, prevent the valid registration of the same or other marks by other persons. The latter effect may ensue despite the possibility of removing from the Register unused marks (Section 30) or marks which have become generic names (Section 31). It is for this reason that a relatively brief period of registration, namely ten years, is provided for. Before the expiration of each ten-year period, the owner will have to decide whether he wishes to abandon the registration or to renew it for a new ten-year period by paying the renewal fee. This system of renewals was unanimously adopted by the Second Model Law Committee.

The effects of registration may terminate for reasons other than lack of renewal. Such reasons are: renun-

ciation (Section 29), removal from the Register in the cases mentioned above (Sections 30 and 31), declaration of nullity (Section 33). In the last case, the registration will even be deemed never to have existed at all (Section 34). The opening words of the Section under consideration refer to these possibilities.

### Section 17: Renewal

**(1) Registration of a mark may be renewed for further consecutive periods of ten years merely by paying the fee for renewal fixed by the Rules.**

**(2) At the time of renewal, no change may be made in the mark or in the list of goods or services in respect of which the mark is registered, except that goods or services may be eliminated from the list.**

**(3) Renewal of the registration of a mark shall not be subject to renewed examination of the mark by the Trademark Office or to opposition.**

**(4) The renewal fee must be paid within the twelve months preceding the expiration of the period of registration. However, a period of grace of six months shall be granted for the payment of the fee after such expiration, upon payment of a surcharge fixed by the Rules.**

**(5) The Trademark Office shall record in the Register and publish, in the form and within the period fixed by the Rules, renewals of registrations, mentioning any elimination from the lists of goods or services.**

In order not to burden the Trademark Office with the examination of requests for renewal or with offering new possibilities for opposition, the Model Law provides for a system of *automatic* renewal, that is, renewal subject to the mere payment of the renewal fee (*subsection (1)* of this Section. Examination or opposition with respect to the renewal of registrations are expressly excluded (*subsection (3)*). In a system in which renewal is effected by mere payment and without resubmitting the mark, the mark cannot be changed (*subsection (2)*). This is a feature of the system which was thoroughly discussed in the Second Model Law Committee. Some opposed it, arguing that the owner of a registration may very well, and quite legitimately, wish to "modernize" the graphic or pictorial presentation of his mark without changing its distinctive elements, or to modify the list of goods or services covered by the registration, and, at the same time, retain the date of the existing registration. It was pointed out, however, that countries in which applications are examined as to form and substance would then be obliged to make a new examination in the case of renewals, and that such examination would involve difficult decisions regarding the question whether a modification of a mark would or would not change its distinctive elements, or whether substantially different goods or services would be added to the list. In countries where examination is limited to form, the Courts would be faced with the same difficulties. A compromise was finally reached whereby, in connection with renewal, no change will be allowed in the mark or in the list of goods or services, *except* that any product or service may be *eliminated* from the list. Such elimination might result in fewer classes and, consequently, in a smaller renewal fee, should that fee be calculated per class. This solution was completed by the introduction of a provision in Section 30(3), the effect of which is that a mark may be *used*, without risking removal from the Register or diminished protection, in a form differing in elements from the mark in the form in which it was registered, provided the differing elements do not alter the mark's distinctive character. Thus, the mark would always be renewed in the form in which it was registered, but in its use the mark could be slightly "modernized" without prejudice to the registration and the protection of the mark.

*Subsection (4)* of the Section under consideration prohibits, on the one hand, payment of the renewal fee too early (i.e., earlier than 12 months preceding the expiration of the period of registration), because this would create unnecessary complications in the Trademark Office. On the other hand, in order to avoid hardships when the expiration of the period of registration has not been noticed in time by the owner, payment of the renewal fee will be accepted even if late, provided it is made during a period of grace of six months after the expiration. The effect of this provision is that, at the date of expiration, the registration may not be regarded as necessarily having lapsed if the renewal fee has not been paid. Only if the fee has not been paid at the expiration of the six-month period of grace will the registration lapse, but then it will lapse retroactively, that is, with effect from the date of the expiration of the registration. If the renewal fee has been paid within the period of grace, the registration will be considered as having been renewed at the expiration date.

*Subsection (5)* prescribes recording and publication of renewals of marks. These are necessary to inform the public.

## CHAPTER IV: RIGHTS CONFERRED BY REGISTRATION OF MARK

Since the registration of a mark confers upon the owner an “exclusive” right, that is, a right to preclude others from doing certain acts in connection with the mark, it is important that the limits of this right be defined with clarity and precision. Chapter IV of the Model Law is designed to accomplish this end. It consists of three Sections: Section 18 defines the rights conferred by registration; Section 19 indicates that these rights do not interfere with the bona fide use of indications resembling the mark if the indications are used merely for identification or information and cannot mislead the public as to the source of the goods or services; Section 20 indicates certain limits of the rights conferred with respect to goods lawfully sold under the mark.

### Section 18: Rights Conferred by Registration

**Registration of the mark shall confer upon its registered owner the right to preclude third parties from the following acts:**

- (a) any use of the mark, or of a sign resembling it in such a way as to be likely to mislead the public, for goods or services in respect of which the mark is registered, or for other goods or services in connection with which the use of the mark or sign is likely to mislead the public;**

This Section protects the registered mark against certain acts by third parties, just as Section 6(1)(a) protects marks against registration by third parties.

It follows from the opening words of this Section that the registration of a mark does not confer upon the owner the (positive) right to use his mark—since, even after examination as to substance, the mark, or the way it is used, may violate the rights of third parties or conflict with public order—but merely the (negative) right to *preclude third parties* from certain acts. This preclusion is inherent in the provisions of the Law itself: it does not require any act or any manifestation of will, such as a warning against possible infringements,



**(b) any other use of the mark, or of a sign or trade name resembling it, without just cause and in conditions likely to be prejudicial to the interests of the registered owner of the mark.**

on the part of the owner. If the owner invokes this right, it will be enforced by the Courts, in accordance with Sections 36 and 37.

*Paragraph (a)* of this Section provides for what might be termed the "normal" or "minimal" protection of the registered mark, whereas *paragraph (b)* provides for "extended" protection.

*Paragraph (a)* deals with three kinds of acts by third parties:

- (i) the use of the mark *itself* for the *some* goods or services in respect of which the mark is registered;
- (ii) the use of a sign *resembling* the mark in such a way as to be likely to mislead the public, again for the *some* goods or services in respect of which the mark is registered;
- (iii) the use of the mark itself, *or* of a sign resembling it as described above, for goods or services *other* than those in respect of which the mark is registered, but only if such use is likely to mislead the public.

The first case is a relatively simple one because it involves mere identification of the mark and of the goods or services concerned.

The second case poses a more difficult question, namely, that of the *degree of resemblance* which must exist between marks (or a mark and any other sign not necessarily being also a "mark") in order that the simultaneous or consecutive use of both is likely to mislead the public. The same question of resemblance between marks arises, as has been indicated above, with respect to the registration of a mark in view of Section 6(1)(a), and, in a different context, under Section 6(1)(b), (c), and (d).

To answer the above question, it is not sufficient to put the marks or signs concerned side by side and to compare and judge their points of resemblance and their differences. While resemblance must exist, it is also relevant that there exist a possibility of confusion *by the public*, which buys the goods or uses the services offered under the marks, and which will rarely have the opportunity, and even less the inclination, to study and judge resemblances and differences. There is a likelihood that the public will be misled if the marks or signs resemble each other in such a way that a member of the public who is not particularly well informed will, when seeing one of the marks or signs, react on the basis of his—sometimes vague—memory of the other and suppose identity or relationship as to source. A misleading degree of resemblance can, in these cases, exist either because of similarity of *words or visual signs* contained in the marks or of an *analogy in pronunciation or significance*, etc.

The third case gives rise to a similar question with respect to the goods or services for which identical or similar marks or signs are registered and used and

which, although the goods or services are different, can nevertheless cause the use of these marks or signs to be likely to mislead the public. This question also has to be judged on the basis of the probable impressions of the public concerned. Possibilities of confusion can even exist when one of the marks is registered for goods (for example, soap) and the other is used for services (for example, those of a laundry), or vice versa.

The similarity of the marks or signs and that of the goods and services must be appreciated in their mutual relationship. If the marks are identical or resemble each other very closely, confusion of the public may result, even if the marks are used for rather different goods or services; if, on the other hand, there is less similarity between the marks, they can generally co-exist in respect of different goods or services, without giving rise to confusion.

*Paragraph (b)* of the Section under consideration provides for "extended" protection of the registered mark. Such protection is necessary in several cases. "Extended" protection means that the mark is, first, protected also against the utilization of a *trade name* resembling it. For this resemblance, the same criteria will apply as have been indicated above: a tradename, which does not distinguish goods or services but identifies an enterprise, may nevertheless cause confusion with a registered mark if the public is likely to believe in any non-existing relationship between the two.

Moreover, the registered mark must also be protected against any use of the mark itself or of a sign resembling it, if this use is made without just cause and is effected in conditions likely to be prejudicial to the interests of the registered owner of the mark. Such a situation may, for example, arise if a *well-known* mark is used in respect of *different* goods or services, but in a manner capable of causing damage to the uniqueness, and therefore the power of attraction, of the well-known mark, or if the mark is advertised with the obvious purpose of selling inferior goods of other origin, or if, in the course of publicity, or in publications such as commercial or scientific periodicals or even dictionaries, the mark is used as a generic indication.

### **Section 19: Use of Indications by Third Parties for Purposes Other than Those for which the Mark is Used**

**Registration of the mark shall not confer on its registered owner the right to preclude third parties from using bona fide their names, addresses, pseudonyms, a geographical name, or exact indications concerning the kind, quality, quantity, destination, value, place of origin, or time of production or of supply,**

A mark may serve only to distinguish the goods or services of one enterprise from those of other enterprises and must not create obstacles to the normal and bona fide use of indications, in the form of words, symbols, or pictures, for the purposes of mere identification or information. According to the Section under consideration, these indications, in order not to infringe the rights conferred by the registration of a

of their goods and services, in so far as such use is confined to the purposes of mere identification or information and cannot mislead the public as to the source of the goods or services.

mark, must be *exact* and must not be capable of misleading the public as to the *source* of the goods or services concerned. The Courts will have to see to it that this provision is not invoked beyond its justified limits.

### Section 20: Limitation of Rights Conferred by Registration

**Registration of the mark shall not confer upon the registered owner the right to preclude third parties from using the mark in relation to the goods lawfully sold in the country under that mark, provided that these goods have not undergone any change.**

This Section provides for a further limitation of the exclusive right conferred by Section 18. The Section provides that, once *goods* bearing the mark have been lawfully sold in the country, third parties may freely use the mark in relation to these same goods, provided the said goods have not undergone any change.

"Lawfully sold" in this provision means that the goods bearing the mark must have been sold by the registered owner of the mark, or by a licensee, or, in the case of a collective mark, by an authorized user of the collective mark (Sections 40 and 44), or that the sale has occurred before registration of the mark. The sale must have taken place *in the country*: it is not relevant that the goods bearing the mark have been lawfully sold in another country because this would not relate to the trademark as registered in the country itself or to the exclusive right conferred by such registration (in another country, the same mark may not be registered at all or it may be registered in the name of another owner).

If goods bearing the mark have thus been lawfully sold in the country, third parties, according to the Section under consideration, are not precluded from using the mark in relation to these goods: they will be entitled to re-sell the goods under the mark, or to display the mark and to engage in appropriate publicity for the goods offered under the mark.

The lawfulness of all these acts is, however, subject to the condition that the goods bearing the mark have not undergone any change. If, for example, the goods have been packed by a third party in new containers or mixed with other goods, or if the goods have undergone transformation or deterioration, third parties would cease to be free to use the mark, and Section 18(b) would become applicable.

As mentioned, the freedom of third parties to use the mark cannot derive from the fact that the goods concerned have been lawfully sold under the trademark *in another country*. In exceptional cases, which will probably not occur frequently in developing countries, namely, cases where the same registered owner of a trademark in different countries sells in these countries *wholly identical goods* under *exactly the same mark*, the Courts will determine whether the owner abuses his exclusive right to the mark if he objects to the use of the mark by third parties in one or more of these countries in relation to the goods which he has sold under his mark in another of the countries.

## CHAPTER V: ASSIGNMENT AND TRANSFER OF APPLICATIONS AND REGISTRATIONS

### Section 21: Assignment and Transfer of Applications and Registrations

**(1) An application for registration of a mark, or its registration, may be assigned or transferred, independently of the transfer of all or part of the enterprise using the mark, in respect of all or part of the goods or services for which the application was filed or the mark registered.**

**(2) Such assignment or transfer shall, however, be null and void if its purpose or effect is liable to mislead the public, particularly as regards the nature, source, manufacturing process, characteristics, or suitability for their purpose, of the goods or services to which the mark is applied.**

**(3) The assignment of the application for registration of a mark, or of its registration, shall be made in writing and shall require the signatures of the contracting parties. Transfers by mergers or other forms of succession may be made by any document supporting such transfer.**

**(4) Assignments and transfers of registrations of marks shall be recorded in the Trademark Office, on payment of a fee fixed by the Rules; assignments and transfers of applications for registration shall, on payment of the same fee, be provisionally recorded, and the mark, when registered, shall be registered in the name of the assignee or transferee.**

**(5) Assignments and transfers shall have no effect against third parties until they have been recorded.**

This Chapter consists of a single Section dealing with changes in ownership of marks, registration of which has been applied for or which are already registered. Such changes of ownership may occur by way of assignment or transfer (succession after the death of the owner, merger between enterprises, etc.). These assignments and transfers will mostly occur with respect to *registrations* of marks, but, as was pointed out in the Second Model Law Committee, assignment or transfer of *applications* for registration should also be made possible in order to maintain a priority right with respect to a future registration.

*Subsection (1)* of the Section under consideration is important both for what it says and for what it does not say. It provides that an application for registration of a mark, or its registration, may be assigned or transferred: (i) *independently* of the transfer of all or part of the *enterprise* using the mark, and (ii) in respect of *all* or *part* of the goods or services for which the application was filed or the mark registered. The provision does *not* say, and therefore excludes (cf. also the opposite solution with respect to licenses: Section 26) the possibility of assignment or transfer for a *part only of the national territory*. This partial transfer must be excluded because, in contrast to the provisions on licenses, where an effective control by the registered owner of the quality of the goods or services of the licensee is provided for (Section 23), such control is not conceivable in the cases of assignment or transfer. In these latter cases, in order to prevent the same mark from covering, to the detriment of the public, goods or services which are the same, but of very different quality, the mark should be *territorially indivisible*.

Such considerations do not apply to the assignment or transfer of a mark for part only of the goods or services for which the application was filed or the mark registered, because after such transfer the mark will be used by the assignee or transferee for that part of the goods or services only. Nor is there any major obstacle to the assignment or transfer of a mark independently of the transfer of all or part of the enterprise using the mark. Experience has shown that a link between the transfer of the mark and that of the enterprise is neither necessary nor effective for the purpose of avoiding changes of quality in the goods or services covered by the mark.

However, it was admitted in the Second Model Law Committee, where these provisions were thoroughly

discussed, that abuses of assignments and transfers could occur. This is why *subsection (2)* provides for the nullity of these acts if their purpose or effect could be to mislead the public as to essential characteristics of the goods and services covered by the mark. This nullity, to be pronounced by the Courts, may be invoked by any third party; for example, a defendant alleged to be an infringer of the mark. Nullity of the assignment or transfer would have very serious consequences because the alleged assignee or transferee would not be considered to be the owner, whereas the assignor or transferor would probably have lost his right to the mark because of non-use (Section 30).

It was agreed, however, by the Second Model Law Committee that the sanction of nullity of assignments or transfers liable to mislead the public would not be sufficient to preserve the quality of goods and services covered by the mark and that the Model Law would not interfere with any steps which governments might wish to take concerning the control of quality.

*Subsection (3)* deals with the requirements of assignments and transfers as to form. In order to make proof easier, assignments must be made in writing and require the signatures of the contracting parties. Transfers by succession, mergers, etc., must be proven by any document supporting such transfer.

*Subsection (4)* requires the recording, in the Trade-mark Office, of assignments and transfers. This recording will cause no problems with respect to existing registrations of marks. With regard to applications for registration, a special rule is given.

*Subsection (5)* stipulates that assignments and transfers shall have no effect against third parties until they have been recorded. This means that failure to record these acts does not affect the validity of the transaction between assignor and assignee, or between transferor and transferee, but makes the transaction ineffective against third parties. Thus, only after the recording of the assignment may the new registered owner sue infringers in his own name or may he have licenses recorded as licensor. Furthermore, if the assignor assigns his mark to two different persons or enterprises ("double assignment": usually fraudulent), the registered assignee (or his registered assignee or licensee) may prevent the use of the mark by the unregistered assignee (or his assignee or licensee), even if the assignment to the unregistered assignee preceded in time the assignment to the registered assignee.

The Second Model Law Committee rejected the introduction in the Model Law of a special provision concerning joint ownership of registrations of marks (such as the provision appearing in Section 27 of the Model Law on Inventions), because it considered that joint ownership of registrations of marks, which is

probably rare, could and should be governed by the general provisions on joint ownership of the civil law of the country concerned.

## CHAPTER VI: LICENSE CONTRACTS

The Model Law contains detailed provisions concerning license contracts. This is an important feature of the Model Law as license contracts are particularly important for developing countries. As in the case of patents, the establishment and development of industrial and commercial enterprises often depend, in the case of marks also, on the support provided by license contracts.

The provisions of the present Model Law in respect of license contracts are largely identical with the provisions on the same subject appearing in the Model Law on Inventions. Such conformity is desirable because license contracts often deal at the same time with patents, know-how, and marks, and it is therefore both logical and practical that these contracts be governed by similar legal provisions. These common legal provisions provide, in the interest of developing countries, for the possibility of government control of license contracts involving payments abroad (Section 28) and include provisions which nullify clauses in license contracts imposing upon the licensee restrictions not deriving from the rights conferred upon the owner of the mark by the Law or not necessary for the safeguarding of these rights (Section 24).

In contradistinction to the Model Law on Inventions, the Model Law on Marks does not provide for compulsory licenses, and with good reason. In the case of patents, compulsory licenses may be needed in order to have inventions exploited in the country itself. No such need exists in the case of marks, since the same goods or the same services may always be proffered under another mark. Compulsory licenses in respect of marks would even be harmful to the public because the public would run the risk of purchasing or obtaining, under the same mark, goods or services of a different quality.

Thus, Chapter VI of the present Model Law contains only provisions on contractual licenses. These provisions are divided among seven Sections: Section 22 establishes the possibility of granting licenses by contract and regulates their coming into existence and their effect; Sections 23 and 24 deal with cases of nullity of the contract or of certain of its clauses; Sections 25 and 26 specify the rights of the licensor and licensee in cases where the license contracts do not provide otherwise or are not sufficiently complete; Section 27 fixes the conditions of the assignability of the license; finally, Section 28 makes provision for the possibility of government control concerning license contracts which involve the payment of royalties abroad.

These seven Sections do not deal with all the legal aspects of license contracts. Such contracts, naturally, will be governed also by other provisions in the law of each country, particularly the general rules of the law of contracts. Other laws, such as those on restrictive business practices (anti-trust legislation), may be relevant too. The Model Law contains only rules *peculiar* to contracts dealing with the licensing of marks.

### Section 22: License Contracts

**(1) The registered owner of a mark may, by contract, grant to any other person or enterprise a license to use the mark for all or part of the goods or services in respect of which the mark is registered. Use of the mark by the licensee shall be deemed to be use by the registered owner of the mark.**

*Subsection (1) establishes the right of the registered owner of a mark to grant licenses by contract. Such license may be total or restricted in various respects (Section 26); in particular, it may be limited to part of the goods or services in respect of which the mark is registered. The Second Model Law Committee declared itself opposed to the idea that licenses concerning marks could be granted not only by the regis-*

**(2) The license contract must be in writing and shall require the signatures of the contracting parties.**

**(3) The license contract or an appropriate extract thereof shall be recorded in the Trademark Office, on payment of a fee fixed by the Rules; the license shall have no effect against third parties until so recorded.**

**(4) The recording of a license shall be cancelled on request of the registered owner of the mark or the licensee, upon evidence of termination of the license.**

tered owner but also by the applicant for registration. The possibility of granting licenses concerning unregistered marks, including marks which are merely used, would depend on the civil or commercial law of the country concerned.

The subsection under discussion provides that any use of the mark by the licensee shall be deemed to be use by the registered owner. The provision helps to prevent removal of the mark from the Register for non-use (Section 30). It also prevents the licensee from claiming any rights in respect of the mark by virtue of use by him.

*Subsection (2)* establishes the form of license contracts. In order to facilitate proof, it is prescribed that license contracts must be in writing and must be signed by the parties. Thus, the formal requirements are the same as for the assignment of applications and registrations (Section 21(3)).

*Subsection (3)* provides for the mandatory recording of licenses in the Trademark Office. It is not necessary to file the entire license contract for recording; an appropriate extract thereof, containing the clauses which determine the scope of the license and specify the control to be effected by the registered owner of the mark, is sufficient for recording. It is the task of the Trademark Office to ascertain whether an extract of a license contract, presented for recording, is appropriate.

Recording of licenses at the Trademark Office is desirable in order to enable the government and third parties to control whether Sections 23 and 24, and any order issued under Section 28, have been complied with. Lack of recording does not affect the validity of the license between licensor and licensee; it only makes the license ineffective against third parties. If the license is recorded and thus effective against third parties, the following will be among the consequences of the recording:

- (i) the recorded license will remain valid even after the licensor has assigned the registration of the mark to another person or enterprise;
- (ii) if the recorded license is exclusive (Section 25(2)), further licenses will be null and void;
- (iii) the registered owner will not be able to renounce the registration without the consent of the recorded licensee (Section 29(3));
- (iv) the recorded licensee will, in certain cases, be able to introduce legal actions in his own name against infringers (Section 38(2)).

*Subsection (4)* provides for cancellation of the recording of the license after, and upon evidence of, its termination. Of course, the license will also terminate if the registration of the mark is terminated, since without registration there is no right to the mark and no object in a license.

### Section 23: Nullity of License Contracts \*

**The license contract shall be null and void in the absence of relations or stipulations between the registered owner of the mark and the licensee, ensuring effective control by the registered owner of the quality of the goods or services of the licensee in connection with which the mark is used.**

This Section is designed to prevent any lowering, by the licensee, of the quality of the goods or services covered by the mark. It is provided accordingly that a license contract will be null and void in the absence of relations or stipulations between the parties (relations, for example, in the form of ownership of the majority of the shares; stipulations incorporated in the license contract), ensuring *effective control* of the said quality by the registered owner of the mark. The effect of nullity of a license contract may be very serious, because the use of the mark by the licensee, under an invalid contract, cannot be imputed to the registered owner, and so the latter may lose his right to the mark on account of non-use (Section 30). Normally, it will be a matter for the Courts to decide, at the request of any interested party or any competent authority, whether license contracts comply with the requirements of the Section under consideration. Some countries may, however, wish to have a control exercised, in the first instance, by the Trademark Office, at the time when a license contract is filed for recording. Such countries should adopt the proposed *subsection (2)* appearing in a footnote to the Section here discussed.

The Second Model Law Committee agreed, however, that the Section under discussion might not always ensure effective control of quality, particularly if there was collusion between the licensor and the licensee. It was therefore understood that the Section under discussion did not detract from the right of the public authorities to initiate actions, by virtue of other provisions of their legal system, to ensure the quality of goods or services, and to prevent deception of the public.

\* Countries wishing to enable the Trademark Office to control the application of this Section should add, as subsection (2), the following provision:

**(2) The Trademark Office shall refuse to record license contracts which fail to reveal the relations or fail to provide for the stipulations referred to in the preceding subsection.**

### Section 24: Invalid Clauses in License Contracts

**(1) Clauses in license contracts or relating to such contracts are null and void in so far as they impose upon the licensee, in the industrial or commercial field, restrictions not deriving from the rights conferred by the registration of the mark or unnecessary for the safeguarding of these rights.**

**(2) The following in particular shall be deemed not to constitute such restrictions:**

- (a) limitations concerning the scope, extent, territory, or duration of use, of the mark, or the quality or quantity of the goods or**

The aim of this Section is to prevent the licensor from imposing upon the licensee restrictions, in the industrial or commercial field, which are not based on the exclusive rights conferred by the registration of the mark.

In essence, this Section is a provision of anti-trust or anti-monopoly law. Countries which have general anti-trust or anti-monopoly statutes that are adequate to prevent or strike down the potentially harmful restrictions on free competition included in license contracts concerning marks may eliminate this Section from the Law as superfluous. Other countries, however, would find it useful to maintain it.

With respect to this Section, a distinction should be made between what clauses in a license contract may or may not stipulate.



- services in connection with which the mark may be used;**
- (b) limitations justified by the requirements of the effective control provided for under Section 23;**
- (c) the obligation imposed upon the licensee to abstain from all acts capable of prejudicing the validity of the registration of the mark.**

In principle, the licensor may set any limits to any contractual license granted by him. As the registered owner of a mark, he is under no obligation to grant licenses, and whenever he does so he should be able to limit their scope as he deems desirable. Such limitations do not involve any unjustified restriction of competition because, without a license, no competition at all could exist under the mark involved.

At the same time, however, it is important that the licensor should not abuse his position by imposing, in or in relation to license contracts, *additional* limitations, in the industrial or commercial field, which are *outside the scope* of his exclusive right to the mark and *unnecessary* for the safeguarding of his right.

Examples of such unlawful restrictions would generally be stipulations to the effect that the licensee may not buy or sell goods or render services under entirely different marks, or buy or sell goods or render services which have nothing to do with the goods or services for which the license has been granted.

*Subsection (1)* of the Section under discussion contains a general rule prohibiting restrictions of this kind. It follows, *a contrario*, from the same subsection, that restrictions *deriving* from the rights conferred by the registration of the mark—such as those concerning the territory or duration for which the license is granted—are lawful. The same is true with respect to restrictions which are *necessary* for the safeguarding of the right to the mark. The registered owner of the mark should, for example, be allowed to prohibit the use, by the licensee and during the term of the contract, of other marks resembling the mark whose use is licensed, in order to prevent a weakening of the distinctive power of the mark.

*Subsection (2)* contains examples of restrictions which are lawful. They are among the most frequent lawful restrictions. It is to be noted that fixing of prices is not among the examples of lawful restrictions. The reason is that the question of pricing is not relevant in trademark law, and should be left to the general laws governing competition and prices.

It was agreed in the Second Model Law Committee that Trademark Offices would probably not be equipped to deal with the difficult questions of anti-trust law involved in the application of the Section under consideration. Its application should therefore be left to the Courts.

The subsection under consideration provides that contractual clauses stipulating prohibited restrictions are null and void. They do not, as a rule, render null and void the other clauses of the contract. However, the clauses to be declared null and void may be so essential to the contract that, without them, it cannot stand. In such cases, the whole contract may be declared null and void on the basis of the general rules

of the law of contracts. It has to be kept in mind, however, that it is in the interest of the security of commercial relations in the country concerned not to annul contracts too lightly but to uphold their validity whenever possible and to the greatest possible extent.

### Section 25: Right of Licensor to Grant Further Licenses

**(1) In the absence of any provision to the contrary in the license contract, the grant of a license shall not prevent the licensor from granting further licenses to third persons or from using the mark himself.**

**(2) The grant of an exclusive license shall prevent the licensor from granting further licenses to third persons and, in the absence of any provision to the contrary in the license contract, from using the mark himself.**

It is important to define some essential aspects of the rights of the licensor. This Section serves that purpose. Its provisions, however, will be applied only to the extent that the license contract does not contain provisions to the contrary.

*Subsection (1)* provides in effect that, unless the contract expressly stipulates otherwise, a license will be considered as non-exclusive, in which case it will not prevent the licensor from granting further licenses to third parties or from using the mark himself. The license contract may provide otherwise by, for example, limiting the number or scope of further licenses which the licensor may grant to third parties, or by declaring that the license is "exclusive."

The latter case is dealt with by *subsection (2)*, which provides that the grant of an exclusive license shall prevent the licensor from granting further licenses to third parties. If the exclusive license is recorded, it is effective against third parties (Section 22(3)) and further licenses will be null and void; if the exclusive license is not recorded, it has no effect against third parties (*ibidem*) and further licenses will be valid, but the exclusive licensee will have a claim against the licensor for breach of contract. In the case of an exclusive license, the licensor himself will be prevented from using the mark unless the license contract contains a provision to the contrary.

A license is said to be partially exclusive when it is exclusive only for part of the duration of the registration of the mark, for part of the national territory, or in respect of some only of the goods or services in respect of which the mark is registered. In such cases, *subsection (2)* will apply to whatever is designated as exclusive in the contract, and *subsection (1)* will apply to the remainder.

### Section 26: Rights of Licensee

**In the absence of any provision to the contrary in the license contract, the licensee shall be entitled to use the mark during the whole duration of the registration, including renewals, in the entire territory of the country, and in respect of all the goods or services for which the mark is registered.**

Section 25 dealt with the rights of the licensor, and this Section deals with the rights of the licensee. As in the case of Section 25, the provisions of this Section will apply only to the extent that the license contract does not contain provisions to the contrary.

This Section provides that, unless otherwise stipulated in the license contract, the license will be regarded as allowing the use of the mark by the licensee during

the whole duration of the registration (including the duration of all renewals), in the entire territory of the country, and in respect of all the goods or services for which the mark is registered. The license contract may limit the right of the licensee in any of these respects and also in other respects (Section 24(2)), provided that the limits set by Section 24(1) are respected.

### Section 27: Non-Assignability of Licenses

**(1) In the absence of any provision to the contrary in the license contract, a license shall not be assignable to third parties and the licensee shall not be entitled to grant sub-licenses.**

**(2) If the licensee is entitled by contract to assign his license or to grant sub-licenses, Sections 22 to 26 and 28 shall apply.**

This Section deals with the questions whether and under what conditions the licensee may assign his license to a third party.

*Subsection (1)* provides that, in the absence of provision to the contrary in the license contract, a license will *not* be assignable, and that the licensee will *not* be entitled to grant further licenses (generally called "sub-licenses"). However, it follows from the introductory words that the license contract may authorize the licensee to do either, or both. Such authorization may, provided that the limits set by Section 24(1) are respected, include certain limitations; for example, those referred to in connection with Section 26, or the limitation that the license may be assigned only together with the enterprise of the licensee.

*Subsection (2)* provides that, if the licensee is entitled by contract to assign his license or to grant sub-licenses, Sections 22 to 26 and 28 shall apply. The provision means, for example, that the use of the mark by the assignee of the licensee, or by the sub-licensee, shall be deemed to be use by the registered owner of the mark (Section 22(1)). The provision means also that the effective control of the quality of the goods or services in connection with which the mark is used by the assignee of the licensee, or by the sub-licensee, has to be carried out by the registered owner of the mark (Section 23). It was pointed out in the Second Model Law Committee that this latter system was necessary in order to keep the control of quality in the hands of one person and thus to ensure that it be as effective as possible.

### Section 28: License Contracts Involving Payments Abroad

**The responsible Minister or other competent authority may, by order, provide that, on pain of invalidity, license contracts or certain categories of them, and amendments or renewals of such contracts, which involve the payment of royalties abroad, shall require the approval of . . . . ., taking**

This Section enables the government of the country adopting the Model Law to provide for the compulsory control, and need for approval, by a government authority, of all license contracts which involve the payment of royalties abroad. The control is to be effected and approval to be given, taking into account the needs of the country and its economic development. Thus, the authority concerned will be able to protect

**into account the needs of the country and its economic development.**

the national interest against excessive foreign influence, and to protect the country's balance of payments.

In some countries, this Section will be superfluous. This will be the case if the country's laws on investments or foreign exchange control already provide for a *general* control of all contracts and other legal transactions involving payments abroad, or if they provide for the control of the manufacture or importation of certain articles. Other countries, however, which do not have such general provisions would probably be well advised, when adopting the Model Law, to include this Section.

## CHAPTER VII: RENUNCIATION, REMOVAL, NULLITY

This Chapter consists of seven Sections, which deal with the three ways—renunciation, removal, nullity—in which the registration of a mark can terminate before the expiration of its initial term (Section 16) or any of its terms of renewal (Section 17).

Section 29 deals with the renunciation of the registration. Such renunciation may be either total or limited to part of the goods or services for which the mark has been registered.

Sections 30 to 32 deal with the removal of the mark from the Register: Section 30 with removal for non-use, Section 31 with removal when the mark becomes a generic name, and Section 32 with the procedure and effect of removal.

Sections 33 and 34 deal with the declaration of nullity of the registration: Section 33 with the grounds, and Section 34 with the effects, of such declaration.

Finally, Section 35 contains provisions relating to the notification, recording, and publication, of (decisions of removal and nullity).

### Section 29: Renunciation of Registration

**1) The registered owner of a mark may renounce the registration either wholly or in respect of part of the goods or services for which the mark is registered.**

**(2) Renunciation must be notified in the form of a written declaration to the Trademark Office, which shall record it in the Register and publish it as soon as possible. Renunciation shall be effective only after it has been recorded.**

**(3) If a license to use the mark is recorded at the Trademark Office, renunciation of the registration shall be recorded only upon submission of a declaration by which the recorded licensee consents to the renunciation, unless the licensee shall have expressly waived this right in the license contract.**

If the registered owner of a mark wishes his registration to cease to have effect, one of the possibilities open to him is to await the expiration of the term of registration (Section 16) and not to renew the registration. Another possibility, in the case of renewal, is for him to eliminate goods or services from the list in respect of which the mark is registered (Section 17(2)). These possibilities, however, are not sufficient because he may wish, in order to avoid litigation, for example, to terminate his registration altogether, or to terminate it in respect of part of the goods or services for which the mark is registered, without waiting for the expiration of the term.

*Subsection (1)* renders this possible by way of total or partial renunciation of the registration.

*Subsection (2)* specifies the form of renunciation and obliges the Trademark Office to record and publish the renunciation as soon as possible. Such recording and publication are necessary in order that third parties

be informed of the total or partial termination of the exclusive rights conferred by the registration of the mark.

Renunciation of a registration may be prejudicial to a licensee who has made investments—in publicity, printing of labels, manufacture of containers, appointment of agents, etc.—with respect to continued use of the mark by him. This is why *subsection (3)* requires, as a condition of renunciation by the registered owner, the consent of all licensees whose license contracts are recorded in the Trademark Office, with the exception of any licensee who has waived this right in the recorded license contract. The provision means that the licensee has the right to refuse his consent. He might, instead, agree with the registered owner that the registration of the mark be transferred to him, wholly or in respect of part of the goods or services only (Section 21(1)).

It should be noted that, by failing to renew, the registered owner cannot cause the prejudice described above to the licensee since the latter may, himself, pay the renewal fee (possibly during the period of grace provided for in Section 17(4)) and thus maintain the validity of the registration. It is to be noted in this connection that Section 17(1) does not require the renewal fee to be paid by the registered owner: it may be paid by the licensee or any other party.

### Section 30: Removal of Mark for Non-Use

**(1) Subject to subsections (3) and (4), a mark shall be removed from the Register if its registered owner has, without legitimate reason, failed to use the mark within the country, or to cause it to be used in the country by virtue of a license, after registration, during five consecutive years preceding the allegation of non-use.**

**(2) Only circumstances beyond the control of the registered owner of the mark may be deemed a legitimate reason for non-use. Lack of funds shall not be considered a legitimate reason. The burden of proof regarding the allegation of non-use of the mark or the use of it shall be decided by the Court according to the circumstances of the case.**

**(3) The use of a mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered shall not be ground for removal of the mark and shall not diminish the protection granted to the mark.**

In order to avoid encumbering the Register with marks which are unused in the country and therefore of no legitimate interest to their owners, but which, according to Section 6(1)(a), prevent the valid registration of other marks, provision must be made for removal from the Register of marks which have not been used during a certain period of time without legitimate reason. Section 30 makes such provision.

The provisions of this Section were the subject of thorough discussions in the Second Model Law Committee. It was understood by that Committee that "use" of the mark within the meaning of this Section is the selling of goods in the country, or the rendering of services in the country, under the mark. Mere use of the mark in advertising in the country would not be sufficient. It was also understood that the Section under discussion would not entirely exclude so-called "reserve marks" or "defensive marks"; however, the person or enterprise wishing to have such marks available would have to make at least some real—not merely symbolic—use of them. It was further agreed that the Section under discussion would not interfere with the protection of well-known marks, which, even in the absence of use in the country, would continue to be protected against conflicting registrations under

**(4) The use of a mark in connection with one or more of the goods or services belonging to any given class in respect of which the mark is registered shall suffice to prevent its removal in respect of all the other goods or services of the same class.**

Section 6(1)(d). Such protection is necessary in order to avoid misleading the public.

With respect to the question how the use or non-use of a mark could be controlled, the Second Model Law Committee did not wish to burden the Trademark Office with any task in this connection. Only the Courts should be competent (Section 32(1)) to order removal of the mark from the Register for reasons of non-use.

*Subsection (1)* defines the conditions which may lead to removal of the mark from the Register. There will be cause for such removal if the mark has not been used within the country, without legitimate reason, after its registration, during five consecutive years or more before the allegation of non-use. Such allegation has not necessarily to be made first in Court: if it has been made in writing and is followed later by an action in Court requesting removal of the mark, any resumption of use of the mark in the interval between the allegation and the filing of the action in Court may be disregarded.

*Subsection (2)* provides that only circumstances beyond the control of the registered owner of the mark may be deemed a legitimate reason for non-use of the mark. Such circumstances may exist, for example, if there is a war, or if importation of the goods concerned is restricted, or—in the case of very valuable goods or services—if there is temporarily no demand in the country.

As to the burden of proof concerning the allegation of non-use of the mark, the Second Model Law Committee adopted a compromise solution. On the one hand, it is, of course, much easier for the registered owner of the mark to prove that he has used it than it is for a third party to prove the negative fact of non-use. On the other hand, however, if the burden of proof concerning use of the mark were unconditionally upon the registered owner, he might be vexed by unjustified allegations of non-use, which he would always—and sometimes at great cost—have to disprove. The Second Model Law Committee therefore preferred to leave the decision on the onus of proof to the Courts, according to the circumstances of the case. In practice, the Courts would probably require prima facie evidence of non-use of the mark and then request the registered owner to prove use.

*Subsection (3)* has been commented upon in connection with the renewal of registrations. On renewal, the registered mark cannot be changed. However, the subsection under discussion allows certain changes in the form of a mark during its use, if these changes do not alter the distinctive character of the mark.

*Subsection (4)* indicates that the requirement of use of the mark in connection with the goods or services

in respect of which it is registered must not be applied too strictly: if there is use in respect of at least one product or service in any given class, it will suffice to prevent removal of the mark in respect of all the other goods or services of the same class for which the mark is registered in accordance with Section 13(2).

### Section 31: Removal of Mark which Becomes a Generic Name

**A mark shall be removed from the Register if the registered owner has provoked or tolerated its transformation into a generic name for one or more of the goods or services in respect of which the mark is registered, so that, in trade circles and the eyes of the public, its significance as a mark has been lost.**

This Section provides for another cause of removal. A mark will be removed from the Register if, as a result of the conduct of its registered owner, it entirely loses its significance as a mark and becomes a generic name for one or more of the goods or services in respect of which the mark is registered.

The Second Model Law Committee agreed that this provision should be applied strictly: it should not punish the success of a mark which has become so well known that occasionally it is also used as a generic name, but it should punish only the negligence of the registered owner through which a sign has completely lost its meaning as a mark and has become a mere generic name.

Accordingly, removal of such a mark from the Register will be possible only if three conditions are fulfilled.

First, the registered owner must be responsible for the transformation of his mark into a generic name either by active conduct (for example, by giving the mark a generic meaning in his publicity) or by passive conduct (for example, by not availing himself of the right which is conferred on him by Section 18, that is, by not prohibiting third parties from using the mark, either as a mark or sign, or as a generic name; see, in this connection, the commentary on Section 18).

Secondly, the mark must have lost its significance as a mark—that is, its power to distinguish goods or services of one enterprise from those of other enterprises—*both* in trade circles *and* in the eyes of the general public. If it is only the public that considers a mark as being a generic name—a situation over which the owner has often no control—this will not be a sufficient cause for removal, as long as the registered owner has successfully resisted use of his mark in the same manner in trade circles and thus has seen to it that trade circles are still aware of the significance of the sign as a mark. And conversely, if trade circles fail to respect the character of a mark, but such character subsists in the eyes of the public, there is no ground for removing the mark.

Thirdly, the mark must have become, in the minds of trade circles as well as of the public, a *generic* designation or name for one or more of the goods or services covered by the registration. This presupposes that the mark has come to be used for goods or services

from more than one enterprise. Indeed, if the sign is used as a name but only for the goods or services of one enterprise, and if the enterprise is that of the registered owner, there is no difference between mark and name, as the name has not become *generic*.

A mark which *has* become a generic name for one or more of the goods or services in respect of which it has been registered should be removed from the Register in its entirety because, in these very rare cases, the entire situation of the mark should be re-examined. A new application for registration of the same mark may always be filed in respect of goods or services for which it has succeeded in preserving its distinctive character.

### Section 32: Procedure and Effect of Removal

**(1) The removal of a mark from the Register, as provided for in Sections 30 and 31, shall be ordered by the Court on the request of any person showing a legitimate interest, or of any competent authority, after having given the registered owner an opportunity to be heard.**

**(2) When the decision declaring total or partial removal of a mark becomes final, the registration shall be deemed, within the limits of the decision, to have ceased to have any legal effect from the completion of the event which gave rise to the removal.**

*Subsection (1)* deals with the *procedure* of removal of a mark from the Register. The following are the main features of this provision.

(i) Only Courts are competent to order removal. However, in countries where the Trademark Office is equipped for such a task and where it is preferred to provide for a simpler procedure in the first instance, the decision on removal may be entrusted to the Trademark Office. Even in these countries, however, in view of the difficulty and importance of the decisions involved, there should be provision for appeal to the Courts against the decision of the Trademark Office. Another possibility, which exists in some countries, is to give the party requesting removal an option between lodging his request with the Trademark Office, with the possibility of an appeal to the Courts, or direct with the competent Court.

(ii) The Courts (or the Trademark Office, when given jurisdiction in the matter) can order the removal of a mark from the Register on the request of any person showing a legitimate interest, or of any competent authority. The Second Model Law Committee was of the opinion that a "legitimate interest" should be shown by a person (or enterprise) requesting the removal of a mark from the Register in order to avoid vexatious claims for removal. A legitimate interest in the removal of a mark would normally be experienced by a competitor of the registered owner of the mark or by an association of enterprises dealing with the goods or services in respect of which the mark is registered. Since the removal of marks which are unused or have become generic names is also to be considered a question of public interest, it should equally be possible for a competent public authority to request removal: such authority could be the Public Prosecutor, acting on behalf of the State, or a Chamber of Commerce, if organized according to public law.



(iii) Removal of a mark from the Register can be ordered only after the registered owner has been given an opportunity to be heard and to defend his registration. This means that the Court (or, if it is competent in first instance, the Trademark Office) must invite the registered owner to appear or to be represented at a hearing of the case, before a decision is taken. This invitation must be addressed to the registered owner, in accordance with Section 13(5), and a reasonable period should be given to the defendant for preparing his case. If, notwithstanding this invitation, the registered owner does not appear and is not represented at the hearing, the law of the country concerned in respect of judgments by default will apply.

*Subsection (2)* deals with the effect of a decision declaring total or partial removal of a mark from the Register. Partial removal means removal with respect to some only of the goods or services for which the mark is registered, a possibility which is provided in the case of non-use (Section 30(4)) but not in the case of generic names (Section 31). Since a decision concerning removal will always be based on events that have been completed in the past (non-use of the mark over a certain period or transformation of the mark into a generic name), the decision will have to indicate *the date* on which the event giving rise to removal was completed. This is necessary because the legal effect of the removal begins retroactively, from the said date, and not from the date of the decision or its recording by the Trademark Office. Third parties will be informed of the removal and its effective date through the recording of the decision in the Trademark Office and through its publication by that Office (Section 35).

### Section 33: Nullity of Registration \*

**(1) On the request of any person showing a legitimate interest, or of any competent authority, the Court, after having given the registered owner an opportunity to be heard, shall declare the registration of a mark null and void if the mark should not have been registered in view of Sections 5 or 6, provided however that grounds which no longer exist at the time of the decision shall not be taken into account.**

It is indispensable to provide in the Model Law that registrations of marks which are contrary to the requirements of the Law, particularly those contained in Sections 5 and 6, must, on request, be declared null and void. Such a provision is particularly necessary if the Law does not provide for an examination of applications for registration of marks as to their substance (Section 12 (Alternative A)), because under this system there is no safeguard against registrations which do not conform with Sections 5 and 6 of the Law (see the commentary on Chapter II and on Sections 5 and 6). Even in a system providing for the examination of applications as to substance (Section 12 (Alternative B)) the possibility must be provided for annulment of registrations wrongly accepted, in order to rectify any errors that might be made by the Trademark Office. Such a possibility of annulment must even exist where the registration was based on the decision of a Court, after appeal to it from a decision of the Trademark

**(2) If the grounds for nullity of the registration of the mark exist in respect of only part of the goods or services for which the mark is registered, nullity of the registration shall be declared for that part only of the goods or services.**

Office, because new facts might necessitate a new decision (see the commentary on Section 15).

*Subsection (1)* regulates the procedure regarding a declaration of nullity in the same way as Section 32 regulates the procedure for removal; the Courts will be competent to declare nullity; they can do so on the request of any person showing a legitimate interest, or of any competent authority; they must give the registered owner an opportunity to be heard before making a decision (see the commentary on Section 32).

As to the grounds for a declaration of nullity of a registration, the subsection under discussion provides that the Court will have to judge whether the registration was inadmissible ("the mark should not have been registered") in view of Sections 5 and 6 of the Law, provided however that grounds of inadmissibility which no longer exist at the time of the decision will not be taken into account. In other words, nullity will be declared only if the grounds existed at the time of the registration and still exist at the time of the decision, whether "objective grounds" (Section 5: lack of distinctive character, conflict with morality or public order, deceptive character, conflict with public emblems, etc.), or grounds based on "third-party rights" (Section 6: earlier applications or registrations, usurpation of marks or trade names already used, reproduction of a well-known mark or trade name, conflict with other third-party rights or with the rules for the prevention of unfair competition, etc.). If the grounds existed at the time of the registration but no longer exist at the time of the decision—for example, the earlier registration has lapsed or has been removed from the Register, the use of an older mark has stopped, the mark whose annulment is requested has acquired a distinctive character ("secondary meaning") which was originally lacking—annulment will not ensue.

In cases where the admissibility of the mark depends on third-party rights and the applicant has claimed priority (Section 6(1)(a)), the Court may have to decide whether the priority (Section 8 or 9) has been *validly* claimed. The Court will then have to examine whether formalities provided for in Sections 8 and 9 have been complied with, and whether the right of priority was justified as to substance (see the commentary on Section 11 in connection with Sections 8 and 9).

It should be noted that annulment on the grounds provided for in Section 6 for conflicts with older marks may be requested by invoking not only, or not necessarily, older marks of the party requesting the annulment but *any* older mark. What is important is not only the rights of the parties concerned, but the fact that the Register should be cleared of marks which, according to the Law, should not appear on it.

*Subsection (2)* deals with the case of partial nullity of a registration, that is, nullity of the registration for part only of the goods or services for which the mark is

---

\* Countries which provide for an examination of applications for registration of marks as to substance, for example according to Alternative B of Section 12, may wish to add, as subsection (3), the following provision:

**(3) Any action for a declaration of nullity based on one or more of the grounds under Section 6, subsection (1), shall be commenced within five years from the date of registration.**

registered. Such partial nullity will be declared if the inadmissibility of the mark on objective grounds (for example, lack of distinctive character) or by reason of third-party rights (for example, existence of an earlier application or registration) applies only to part of the goods or services covered by the mark. There is no reason why the registration with respect to the remainder of the goods or services should not escape such annulment.

The Second Model Law Committee devoted a thorough discussion to the question whether requests for annulment should be allowed without any limitation of time or only within a certain period after the registration. The Committee came to the following conclusions. In countries where applications are examined only as to form (Section 12 (Alternative A)), the time for requesting the annulment of a registration should not be limited. In countries where applications are examined also as to substance (Section 12 (Alternative B) or any other form of examination as to substance), it would be wise to strengthen the position of the owner of a registration already examined, by providing that actions for annulment *based on Section 6* (inadmissibility *by reason of third-party rights*) should be commenced within five years from the date of registration. This seems reasonable because third parties who can be aware of new registrations of marks through their publication (Section 14(1)), and who possibly have already had an opportunity to oppose such registrations (Section 12 (Alternative B)(7)), may be expected, and should be obliged, to make up their minds within five years after the registration whether they want to attack the registration on the ground of third-party rights. On the other hand, the Committee did not think that the time for action to be taken should be limited where the grounds for the inadmissibility of a mark are *objective grounds*. These grounds, if not directly related to morality or public order (Section 5(1)(e)), generally affect trade, or even the public, as a whole, so that it should be possible to invoke them without any limitation of time.

### Section 34: Effects of Declaration of Nullity

**(1) When the decision declaring total or partial nullity of a registration becomes final, the registration shall be deemed, within the limits of the decision, to have been null and void from the date of such registration.**

**(2) Nevertheless, where licenses have been granted, the Court may decide that nullity of the registration shall not entail the repayment of royalties paid by any licensee in so far as he has effectively profited from the license.**

This Section deals with the effects of a Court decision declaring the registration of a mark null and void.

It is provided in *subsection (1)* that such declaration has a retroactive effect, as any registration which is contrary to the Law should never have existed. The effects of such a retroactive declaration of nullity will be governed by the general rules of law concerning nullity.

However, *subsection (2)* provides for a possible mitigation of the consequences of retroactivity in certain circumstances. When a license has existed throughout the apparent validity of the registration and royalties

have been paid to the registered owner under such license, the licensee, notwithstanding the retroactive nullity of the registration, should normally have no right to claim reimbursement of the payments he has made if, and in so far as, he has effectively profited from the license. In such a case, repayment of royalties received would be an unjust enrichment of the licensee. The Courts will have the discretion necessary to weigh the circumstances in each case, and may or may not order the repayment of any royalties received.

### **Section 35: Notification, Recording, and Publication, of Decisions of Removal and Nullity**

**When the decision ordering total or partial removal of a mark or declaring nullity of a registration becomes final, the Registrar of the Court shall notify it to the Trademark Office, which shall record it in the Register and publish it as soon as possible.**

As pointed out with respect to the renunciation of the registration of a mark (see the commentary on Section 29(2)), third parties must be informed as soon as possible of any termination of the registration of a mark before the expiration of its normal term. Section 35 provides for the procedure necessary for that purpose in the case of the removal of a mark from the Register, as well as in the case of a declaration of nullity of a registration.

## **CHAPTER VIII: INFRINGEMENT OF RIGHTS UNDER THE MARK**

This Chapter contains provisions dealing with infringements, threatened or committed, of the rights conferred upon the registered owner of a mark (Section 18). It is necessary to make provision for *sanctions* for such infringements since there is no practical value in providing for rights without at the same time providing for the means of enforcing them. The Model Law, however, cannot go into the details of the civil and penal sanctions to be provided because these sanctions must naturally be in harmony with the general system of remedies and sanctions existing in the country adopting the Model Law.

As regards the *procedure* concerning the application of sanctions, this will be governed, in its entirety, by the codes or laws of procedure of the country concerned.

The Model Law, therefore, contains only some general rules on sanctions, of the usual kind, and leaves it to each country adopting this Law to adapt and complete these rules according to its legal system.

The proposed rules on sanctions are analogous to those which appear in the Model Law on Inventions as it is desirable that, whenever infringement of patents and marks is at issue between the same parties and at the same time, it should be possible to deal with them in one and the same lawsuit, by invoking and applying similar sanctions.

The Chapter under consideration contains three Sanctions: one on civil sanctions (Section 36), one on penal sanctions (Section 37), and one on the remedies available to licensees (Section 38).

### **Section 36: Civil Sanctions**

**(1) The registered owner of a mark whose rights under Section 18 are threatened with infringement, or are**

The rights conferred upon the registered owner of a mark are defined in Section 18. Each of the acts described in that Section, done by a person without the

infringed, may institute legal proceedings designed to prevent the infringement or to prohibit its continuation.

**(2) In case of infringement of these rights, the registered owner of the mark may also claim damages and the application of any other sanction provided for in the civil law.**

authorization of the registered owner—particularly without having obtained a license—and falling outside the limitations provided for in Sections 19 and 20, constitutes an infringement of the rights in a mark.

*Subsection (1)* entitles the registered owner of the mark to institute civil legal proceedings not only when his rights have already been infringed but also when they are threatened with infringement. The latter measure is designed to prevent infringement before it really gets under way and before it results in damage difficult or impossible to assess and repair.

*Subsection (2)* provides that, once infringement has been committed, the registered owner of the mark may also claim damages and the application of any other sanctions provided for in the general civil law of the country (for example, seizure of all labels or packages bearing the infringing mark; publication of the decision condemning infringement at the expense of the infringer).

Civil action may be instituted even when the infringement was unintentional or if the infringer, in good faith but without legal basis, has claimed that he had a right to use the mark. In this case, the Court must enjoin him from further infringement but may consider the defendant's good faith as a mitigating circumstance and may accordingly reduce the damages or other sanctions if the general rules of law of the country provide for such possibility.

### Section 37: Penal Sanctions

**(1) Any intentional infringement of the rights of the registered owner of the mark under Section 18(a) shall constitute an offense.**

**(2) Such offense shall be punishable by a fine not exceeding . . . . . or by imprisonment not exceeding . . . . . , or both.**

**(3) In the event of recidivism, the maximum penalties shall be doubled.**

**(4) Recidivism shall be deemed to have occurred when, in the course of the five preceding years, the offender has been convicted of another infringement of rights conferred by Section 18(a).**

This Section was discussed in the Second Model Law Committee where the questions were raised whether the Law should provide any penal sanctions at all in the case of infringement of rights in registered marks, and, if so, to what extent. The Committee was of the opinion that some penal sanctions were necessary, because infringement of a mark is a matter of interest not only to the registered owner but also to the general public, which may be deceived by the defendant's acts. Furthermore, in some cases—for example, when goods under infringing marks are imported or sold by traders financially incapable of paying damages—penal sanctions may be the only means of practical efficacy to stop infringement.

The Second Model Law Committee was, however, of the opinion that penal sanctions should be available only in connection with the "normal" or "minimal" protection of a mark, as provided in Section 18(a), and not also in connection with the "extended" protection provided for in Section 18(b) (see the commentary on Section 18).

The majority of the Second Model Law Committee further agreed that penal sanctions should be available only when the infringement was intentional.

The Section under consideration contains only some basic rules and does not propose any amounts for the fines or any duration for the imprisonment. These and other questions will have to be settled in each country according to the principles of its own system of penal law. Some countries might also wish to go into more details in defining the acts of infringement subject to penal sanctions. They may also provide for penal sanctions for other acts, such as, the unjustified use of an indication to the effect that a mark is registered in the country.

### Section 38: Legal Proceedings by Licensee

**(1) Any licensee may, by registered mail, require the registered owner of the mark to introduce the legal actions necessary to obtain civil or penal sanctions in respect of any infringement of the mark indicated by the licensee.**

**(2) In the absence of any provisions to the contrary in the license contract, the licensee under a recorded license may, if the registered owner refuses or neglects to introduce the said legal actions within three months of the request, either obtain damages from the registered owner if the Court finds that the infringement of the mark was obvious or, after having given notice to the registered owner, introduce such actions in his own name, without prejudice to the right of the registered owner to intervene in such action. The licensee shall be responsible to the registered owner for any damage which the latter may suffer by unwarranted actions of the former.**

This Section embodies several wishes expressed in the Second Model Law Committee. The Committee was of the opinion that licensees should have a strong position against third parties, especially in developing countries where the development of industry and commerce will depend, to a certain extent, on the efficient functioning of license agreements. Any licensee should, in particular, have the right to require the licensor to take action against infringements of the mark, since such infringements might seriously endanger the investments the licensee has made with a view to the exploitation of the mark by him in the country. If necessary, and unless the license contract excludes such possibility, the licensee himself should also be entitled to take legal action against infringers in his own name.

On the other hand, the rights of the licensee in this respect should be carefully measured because unjustified action on his part against infringements could cause serious damage to the interests of the registered owner of the mark and even endanger the legal position of the mark itself.

*Subsection (1)* provides that, in any case, the licensee has the right to require the registered owner of the mark to introduce a legal action in respect of any infringement of the mark indicated by the licensee. The Model Law provides that the licensee's invitation must be addressed by registered mail, but other means of legally valid communication may be provided by any country wishing to do so. Any such communication must be sent to the registered owner pursuant to the provisions of Section 13(5).

*Subsection (2)* contains provisions for cases where the registered owner, notwithstanding the invitation to do so, refuses or neglects to introduce legal actions within a period of three months. In that case, unless the license contract contains provisions to the contrary,

the licensee will have the option between claiming compensation from the registered owner for the damages suffered through the inaction of the latter, or bringing an action against the infringer in his own name, without prejudice to the right of the registered owner to intervene in such action. If the licensee chooses the first possibility, he will obtain damages from the registered owner only if the Court finds that the infringement of the mark by third persons was obvious. This is so because the registered owner cannot be obliged to act, or made responsible for damages in case of inaction, if the alleged infringement is doubtful or less than obvious. If the licensee chooses the second possibility—that is, sues the infringer in his own name—he will be responsible to the registered owner for any damage caused to him by unwarranted actions.

The system provided for in subsection (2) is more refined than that provided for in the corresponding provision (Section 52(2)) of the Model Law on Inventions. Countries wishing to adopt these Model Laws will naturally consider which system suits them best.

## PART III: COLLECTIVE MARKS

Part III of the Model Law deals with collective marks. The notion of “collective mark” is defined in Section 1(1). Collective marks, like “individual marks” (trademarks and service marks, dealt with in Part II), are visible signs but, whereas individual marks serve to distinguish the goods or services of one enterprise from those of other enterprises, collective marks serve to distinguish the *origin* or any other common characteristic of goods or services of *different* enterprises which use the mark under the control of the registered owner. Collective marks must always be designated as such in the application. (See also the commentary on Section 1(1)(c).)

Collective marks can be of great service in developing countries, where many enterprises will not immediately acquire sufficient economic importance to derive the full benefit from the use of individual marks. In these cases, it can be of considerable value to indicate, by means of collective marks, that certain goods have been manufactured in the country itself or are natural products of the country, or that they satisfy certain standards of quality, or that certain services—for example, services concerning insurance or transport—are rendered in the country by different enterprises under the control of the State or of some public institution.

Part III of the Model Law contains eight Sections, the first of which (Section 39) provides that, subject to the exceptions and additions indicated in the succeeding Sections, most of the provisions concerning individual marks contained in Part II apply also to collective marks. The other seven Sections contain provisions which take account of the special nature of collective marks. They concern the conditions for application (Section 40), the examination of the application (Section 41), registration and publication (Section 42), the procedure concerning changes effected in the regulations governing use of a collective mark (Section 43), the use of a collective mark (Section 44), transfer (Section 45) and nullity (Section 46) of its registration.

### Section 39: Applicability of Other Provisions

**Sections 4 to 20, 29, 31, 32, and 34 to 37, of this Law shall also apply to collective marks, subject to the exceptions and additions in the following Sections.**

This Section provides in effect that all the provisions of the Model Law concerning individual marks are also applicable to collective marks, apart from Sections 21 to 28, 30, 33, and 38, and apart from the exceptions and additions specified in the Sections immediately following (Sections 40 to 46).

As already pointed out (see the commentary introducing Part II, Chapter I), the application of the same provisions of the Law to both individual and collective marks does not always lead to exactly the same results. For example, a geographical name will not be admissible as an individual mark under Section 5(1)(b) if it designates the place of origin of the goods or services concerned; a collective mark, on the other hand, by its very definition (Section 1(1)(c)), may serve to distinguish the origin of goods and services and may, therefore, consist of a geographical indication, such as “made in . . .,” unless the geographical indication in itself is so common or widely used for other purposes also that it is incapable of distinguishing even a common origin of goods or services of different enterprises.



As already stated, the Sections of Part II of the Law excepted from applicability to collective marks are Sections 21 to 28, 30, 33, and 38. Of these, Section 21 deals with assignment and transfer, a subject which is specially regulated for collective marks (Section 4S); Sections 22 to 28 and 38, regarding licenses, cannot apply to collective marks because the latter are, by their nature, used by third parties; Section 30 providing for removal of an individual mark for non-use has been excluded in the case of collective marks for reasons to be indicated below (see the commentary on Section 46); Section 33 concerns the nullity of the registration of an individual mark, a matter which is specially regulated for collective marks (Section 46).

### Section 40: Application for Registration of Collective Mark

**(1) An application for registration of a collective mark shall not be valid unless, in the application for registration, the mark is designated as a collective mark, and unless the application is accompanied by a copy of the regulations governing the use of the mark, duly certified by the applicant. No legalization of such certification shall be required.**

**(2) The regulations referred to in subsection (1) shall define the common characteristics or quality of the goods or services which the collective mark shall designate and the conditions in which and the persons by whom it may be used; shall provide for the exercise of effective control of the use of the mark in compliance with the regulations; and shall determine adequate sanctions for any use contrary to the said regulations.**

As has already been recalled, a collective mark serves to distinguish the origin or other common characteristics of goods or services of different enterprises which use the mark under the control of the registered owner. The collective mark is thus intended to provide consumers of goods or users of services with a guarantee as to the origin, quality, or authenticity, of the goods or services concerned.

It is therefore necessary that the use of the collective mark be regulated and controlled by the registered owner (or, if not directly by himself, on his request, by a public body, such as a State Inspection Department). A collective mark can therefore only exist if there are regulations governing its use, specifying the characteristics which the goods or services must possess as a condition for use of the mark, indicating the conditions in which and the persons by whom it may be used, regulating the procedure for maintaining control, and determining sanctions for any use of the mark contrary to the regulations.

The Section under consideration regulates applications for registration of collective marks in this sense. According to Section 39, any application must also satisfy the other conditions of the Law, particularly Sections 5, 6, 7, and 10, and, if applicable, also Sections 8 or 9.

*Subsection (1)* provides that an application for registration of a collective mark must expressly designate the collective mark as such and must be accompanied by a copy of the regulations governing the use of the mark, duly certified by the applicant.

*Subsection (2)* prescribes the contents of the said regulations.

## Section 41: Examination of Application for Registration of Collective Mark

**The examination of the application provided for under Section 11 shall also extend to examination as to compliance with Section 40.**

Since, by virtue of Section 39, the provisions of Section 11 apply also to collective marks, applications for the registration of collective marks shall be subject to examination as to form. The Section under consideration provides that the examination as to form must also extend to the question of deciding whether the regulations governing the use of the collective mark satisfy the conditions set by Section 40. Without fulfilment of these conditions a collective mark must not appear in the Register. Examination of this question is, of course, one of the tasks (see the commentary on Chapter II) for which Trademark Offices will need highly qualified personnel.

## Section 42: Registration and Publication of Collective Marks

**(1) Collective marks shall be registered in a special section of the Register referred to in Section 13, and a copy of the regulations governing the use of the mark shall be appended to the registration.**

**(2) Publication of the mark in accordance with Section 14 shall include, in the case of collective marks, a summary of the regulations appended to the registration.**

**(3) The provision in subsection (2) of Section 14 shall also apply to the regulations appended to the registration.**

The registration and publication of collective marks are governed by Sections 13 and 14, and by the additional provisions contained in the Section under consideration.

*Subsection (1)* prescribes that collective marks, in order that they may be immediately recognized as such, must be registered in a special section of the Register referred to in Section 13, and that a copy of the regulations governing the use of the collective mark must be appended to each registration.

*Subsection (2)* provides that the publication of the mark in accordance with Section 14 must include, in the case of collective marks, a summary of the regulations governing the use of the mark. This summary must, of course, cover the essential elements of the regulations, in particular, the elements mentioned in Section 40(2). The Rules to be made under the Law, which will prescribe the details of its application (Section 55), may provide that the summary of the regulations governing the use of the collective mark must be drawn up by the applicant. The accuracy and adequacy of the summary must, however, be checked by the Trademark Office by comparing it with the complete copy of the regulations filed according to Section 40(1).

*Subsection (3)* of the Section under discussion ensures that, although the public can already know the essential elements of the regulations governing the use of the collective mark from the publication of a summary, it will also have free access to the full text of these regulations and may obtain copies thereof against payment of costs (Section 14(2)).

### Section 43: Changes in Regulations Governing Use of Collective Mark

**(1) The registered owner of a collective mark shall notify the Trademark Office of any changes effected in the regulations governing the use of the mark.**

**(2) All notifications of such changes shall be recorded in the Register on payment of a fee fixed by the Rules. Changes in the regulations shall have no effect until such recording. A summary of the recorded changes shall be published in accordance with Section 42(2).**

This Section takes account of the possibility that, during the term of registration of a collective mark, or during its term(s) of renewal, it may be necessary or desirable to modify the regulations governing the use of the mark. Since a summary of the regulations has been published and the full text thereof is open to public inspection, the public must be informed of changes in the regulations as well.

*Subsection (1)* of the Section under discussion prescribes that the registered owner of a collective mark must notify any changes in the regulations to the Trademark Office.

*Subsection (2)* specifies that these notifications must be recorded and that changes in the regulations will have no effect until such recording. A summary of the changes will be published by the Trademark Office.

### Section 44: Use of Collective Mark

**The registered owner of a collective mark may use the mark himself provided it is also used by other authorized persons in accordance with the regulations governing such use; use by such persons shall be deemed to be use by the registered owner.**

With respect to the use of a collective mark, a discussion on important principles took place in the Second Model Law Committee. Three questions were mainly involved in this discussion, namely: (i) Which types of marks are included in the notion of collective marks? (ii) Who is allowed to use a collective mark? (iii) Is the registered owner of a collective mark also allowed to use the mark himself?

The answers given to these questions by the Committee were the following.

(i) Collective marks are distinct from, and therefore do not include, what are commonly called "standardization marks" or "normalization marks". The latter are really not marks at all since they are merely prescribed *generic names* for certain goods (for example, chemical or pharmaceutical products). On the other hand, collective marks could be identified with, or could include, what are called in some countries "certification marks" since they serve *to distinguish*, in the course of trade, goods certified by any person as to their origin, components, mode of manufacture, quality, accuracy, or other characteristics. (The Committee was of the opinion, however, that the rules governing the registrability of such certification marks in the name of the user could be different from those prevailing in the said countries.)

(ii) The Committee considered that the use of a collective mark should be permissible—in accordance with the regulations governing such use (Section 40(2))—by public institutions as well as by private enterprises or persons.

(iii) As to the possibility of use of a collective mark by the registered owner of the mark himself, the majority of the Committee did not see any objection to such use. Several possibilities were indicated. The mark could be registered in the name of a public institution, or of a collectivity or association of traders, or even of a private enterprise (for example, a test-laboratory). These would authorize the use of the mark, under the conditions specified in the regulations, by third parties (enterprises or persons), but could also—if so entitled by the regulations and according to these regulations—use the collective mark themselves. In view of this opinion of the Committee's, the Section under discussion provides that the registered owner of a collective mark may use the mark himself, provided it is also used by other authorized persons in accordance with the regulations governing such use. The proviso is necessary because otherwise the mark would not be a collective but an individual mark.

As in the case of individual marks, any authorized use of the mark by a third party will always be imputed to the registered owner, and to him alone.

### Section 45: Transfer of Registration of Collective Mark

**(1) The responsible Minister or other competent authority may, by order, approve the transfer of the registration of a collective mark, if the transferee undertakes to exert effective control over the use of the mark in compliance with the regulations.**

**(2) The transfer shall be recorded in the Register on payment of a fee fixed by the Rules; it shall have no effect until such recording.**

The Second Model Law Committee considered that the transfer of the registration of a collective mark should be allowed less freely than that of an individual mark, because collective marks imply, more than individual marks, a guarantee of origin, quality, or other characteristics. On the other hand, total prohibition of the transfer of registrations of collective marks was deemed undesirable because in certain circumstances it would be necessary to transfer such registrations from one institution or organization to another; for example, when the tasks of such bodies change.

In view of these considerations, *subsection (1)* provides that the transfer of the registration of a collective mark is possible only with the approval of the competent government authority and subject to the condition that the transferee undertakes to exert effective control over the use of the mark in compliance with the regulations.

*Subsection (2)* provides that the recording of any such transfer is mandatory: the transfer will have no effect—in contrast to transfers of individual marks (Section 21(5))—not even between the parties concerned, until it has been recorded. Before recording the transfer, the Trademark Office will, of course, have to check whether the provisions of Section 45(1) have been complied with.

### Section 46: Nullity of Registration of Collective Mark \*

**(1) On the request of any person showing a legitimate interest, or of any competent authority, the Court, after having given the registered owner an opportunity to be heard, shall declare the registration of a collective mark null and void:**

- (a) if the mark should not have been registered in view of Sections 5, 6, or 40, provided however that grounds which no longer exist at the time of the decision shall not be taken into account;**
- (b) if the regulations governing the use of the mark are contrary to morality or public order;**
- (c) if only the registered owner himself uses the mark or if he uses or permits use of the mark in contravention of the regulations governing such use, or uses or permits use of the mark in a manner liable to deceive trade circles or the public as to the origin or any other common characteristics of the goods or services in connection with which the mark is used, such conditions being equally applicable when the registered owner tolerates such use, while being aware of it, or is ignorant of it through lack of adequate control.**

**(2) If the grounds for nullity of the registration of the collective mark provided in paragraph (a) of subsection (1) exist in respect of only part of the goods or services for which the mark is registered, nullity of the registration shall be declared for that part only of the goods or services.**

As may be seen from a comparison of paragraph (a) of subsection (1) of the Section under consideration with Section 33, the registration of a collective mark can be declared null and void for the same reasons and under the same conditions as apply for the annulment of individual marks. The subsection under consideration adds, however, grounds for annulment which pertain especially to collective marks. Since such marks imply a certain guarantee of origin, quality, or other characteristics, the registration is not justified if this guarantee is not properly organized by regulations (paragraph (a)), or if the mark is not used in accordance with these regulations, or if it is used in a manner liable to deceive the public (paragraph (c)). The registration is also unjustified if the regulations governing use of the mark are contrary to morality or public order (paragraph (b)), or if only the registered owner himself uses the mark (paragraph (c)). In the latter case—at least when the use of the mark by the registered owner alone occurs for any appreciable length of time—the mark will lose the character of a collective mark and its registration should be annulled.

*Subsection (2)* indicates, by analogy with Section 33(2), that the nullity of the registration of a collective mark may, in certain circumstances, apply to part only of the goods or services for which the mark is registered.

The Second Model Law Committee, when discussing the possible grounds of nullity of collective marks, also examined the question whether the other reasons capable of terminating the registration of individual marks before their normal expiration (Sections 29, 30, and 31) should apply to collective marks as well. There seemed to be no objection to applying to collective marks the rules concerning *renunciation* of the registration (Section 29) and the *removal* of the mark from the Register because of its transformation into a *generic name* (Section 31). However, the Committee was of the opinion that *removal* of a mark because of *non-use* (Section 30) should not be possible with respect to collective marks. The reason for this opinion was that the use and non-use of a collective mark depend on considerations different from those which govern the use of individual marks. Moreover, if a collective mark used in several countries were for some reason not used, or no longer used, in one or more other countries, and if the mark could and were to, for this reason, be removed from the Register in the latter countries, the public might be misled. This would be possible notwithstanding Section 5(1)(h) which protects a collective mark for a certain period, even after termination of its registration. Finally, collective marks are far less numerous than individual marks, so that maintaining the former on the Register in spite of non-use will not prevent the registration of other marks to any appreciable extent.

\* Cf. footnote to Section 33.

## **PART IV: TRADE NAMES, ACTS OF UNFAIR COMPETITION, INDICATIONS OF SOURCE, APPELLATIONS OF ORIGIN**

Part IV of the Model Law groups a number of subjects of a different character, but which have in common the fact that they have a bearing upon competition between enterprises and seek to ensure that such competition be fair and be exercised in accordance with the public interest. These subjects are trade names (Sections 47 to 49) and acts of unfair competition (Sections S0 to S2), in particular, misuse of indications of source and appellations of origin (Section S1) and other acts of competition deemed to be unfair (Section S2). The provisions cited are completed by a provision concerning legal proceedings (Section S3).

In existing legislations, detailed regulation of the subjects mentioned is sometimes lacking or is to be found in separate legislative texts. It is, however, advantageous to regulate and combine the provisions governing these matters in the same Law, by reason of the affinity between the subjects and the fact that they are necessarily interrelated. For example, a mark should be protected against a closely resembling trade name (Section 18(b)), and conversely (Sections 6(1)(c) and (d) and 48(2)). Also, the registration of a mark should not be considered as valid if it is contrary to the rules for the prevention of unfair competition (Section 6(1)(e)), as, for example, when the mark is liable to deceive trade circles or the public (Sections S(1)(e) and S2(c)) or when it creates confusion with the establishment, the goods, or the activities, of a competitor (Section S2(a)).

The Model Law regulates the subjects mentioned in a manner which is succinct but is nevertheless believed to be adequate. Countries which prefer to provide for more detailed regulations may, of course, do so.

With respect to the different subjects dealt with in this Part of the Model Law, the following introductory remarks may be made.

The regulation of *trade names* must be different from that of *marks* because the purpose of a trade name is different from that of a mark. According to the definitions contained in Section 1(1), a *mark* serves to *distinguish* the *goods* or *services* of one enterprise from those of other enterprises: it must therefore necessarily be distinctive, but it can, in principle, consist of any sign which satisfies this condition. On the other hand, a *trade name* must *identify* the enterprise itself: it can therefore be a name or designation which is not distinctive, and may consist of a description of the enterprise, for example, "General Bank." For this reason, the Law cannot create an exclusive right to a trade name, absolutely precluding third parties from using the same description of an enterprise or even the same surname. All that is necessary is that the public should not be misled. For example, the public will not be misled, even in cases where enterprises have the same trade name, if they are far apart and only locally known so that confusion is unlikely, or if a sufficiently distinctive element is added to their otherwise common description or name.

Another difference between a mark and a trade name is that the use of a mark is optional—as it is perfectly possible to sell goods or render services without using any mark at all—whereas the use of a trade name is unavoidable: every natural or legal person who (or which) pursues a trade does so under a name, be it his (or its) own name or another name, designation, or description. Furthermore, the use of a mark may be a transient act, difficult to prove, whereas the use of a trade name by an enterprise is a more stable fact, generally easy to establish. For these reasons, the full protection of an occasionally ephemeral mark must depend on registration (Section 4), but a trade name, which is necessarily and more permanently used, must be protected against confusion on the basis of mere use. If, in some countries, registration of trade names is compulsory, this is mainly for reasons of control or taxation, and the obligation to register

is frequently limited to companies or not extended to small or temporary traders. However, the trade names of the latter must also be protected against confusion and must therefore be protected on the basis of mere use.

With respect to unfair competition, the Model Law establishes the important principle according to which any act of competition *contrary to honest practices* in industrial or commercial matters is unlawful (Section S0), and specifies certain acts which must, in particular, be deemed unlawful. These are the misuse of indications of source and appellations of origin (Section S1; see definitions in Section 1(1)(e) and (f)), and a few other acts the unlawful character of which is beyond doubt (Section S2). The acts specified are examples and do not exhaust all the possibilities. Many other acts may also be contrary to honest practices in industrial or commercial matters and should be judged unlawful by the Courts. The legislation of some countries contains detailed regulations in this respect. Unlawful acts can, for example, consist of any of the following acts:

- (i) bribing the buyers of a competitor, to secure or retain their patronage;
- (ii) obtaining the business secrets or trade secrets of a competitor by espionage, or by bribing his employees;
- (iii) using or disclosing, without authorization, the secret technical "know-how" of a competitor (see Model Law on Inventions, Sections S3 to S7);
- (iv) inducing employees of a competitor to violate their employment contracts or to leave their employer;
- (v) threatening competitors with suits for patent or trademark infringement, if done in bad faith and for the purpose of reducing trade by them and hindering competition;
- (vi) boycotting trade to prevent or hinder competition;
- (vii) dumping, that is, selling below cost, with the intent and effect of hindering or suppressing competition;
- (viii) creating the impression that the customer is being offered an opportunity to make purchases under unusually favorable conditions, when such is not the case;
- (ix) slavishly copying goods, services, publicity, or other features of the trade of a competitor;
- (x) encouraging or utilizing breach of contract by competitors;
- (xi) effecting publicity which makes comparisons with goods or services of competitors;
- (xii) violating legal provisions not directly concerning competition to obtain, through such violation, an unfair advantage over other competitors.

It is difficult to write into the Law provisions covering all these cases, because it will sometimes depend on circumstances whether the acts indicated are or are not to be deemed acts of unfair competition.

On the request of the Second Model Law Committee, a footnote is added<sup>1</sup> which suggests a different method of legislation capable of dealing with some of the problems involved.

<sup>1</sup> Proposal entitled "Commercial Indications" presented by the expert of the United Arab Republic during the meeting of the Second Model Law Committee:

- "(1) For the purposes of this Law, a commercial designation shall be any direct or indirect indication concerning:
- (a) the number, quantity, size, capacity, or weight, of the goods;
  - (b) the place or country where they were manufactured or produced;
  - (c) their method of manufacture or production;
  - (d) their constituent elements;
  - (e) the name or occupation of their producers or manufacturers;
  - (f) the existence of patents or of any other industrial property rights, of any privilege, or of commercial or industrial rewards or distinctions;
  - (g) the name or form under which specific goods are generally known or appraised.
- (2) Any commercial designation figuring either directly on goods, or on or in shops, warehouses, signs, packing cases, wrappers, invoices, letter-paper, advertising material, etc., in or through which goods are presented to the public, must correspond completely and absolutely with the real nature of the objects concerned.

### Section 47: Prohibited Trade Names

**A name or designation shall not be admissible as a trade name if, by reason of its nature or the use to which it may be put, it is contrary to morality or public order and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.**

According to the definition contained in Section 1(1)(d), a trade name is a name or designation serving to identify the enterprise of a natural or legal person. It may consist of the name of the owner of the enterprise, or of a pseudonym, or of an invented name, or of an abbreviation, or of a description of the enterprise, or of any other designation. An enterprise can also use more than one trade name—for example, its full name and an abbreviation, or a special trade name for part of the enterprise. In such cases, both names, if used independently, are protected by the Law.

The choice of a trade name is more restricted than that of a mark: many of the examples of marks indicated in Section 1(2), such as devices, reliefs, labels, cannot be used as a trade name, because the latter must be a *name* or *designation*.

The Section under consideration places still further limits upon the choice of a trade name. This name, and the use to which it may be put, must, in the first place, not be contrary to morality or public order. An obscene name, or a name identical or similar to the name of a public authority or of a forbidden political party, would be examples in point (see the commentary on Section 5(1), paragraph (e), concerning marks). Further, a trade name must not be liable to deceive trade circles or the public as to the nature of the enterprise identified by such name: it should not, for example, indicate national character in respect of an enterprise which, in actual fact, is foreign, or give the impression that the enterprise which it identifies has a scope or legal form different from that which it actually has. In order not to deceive trade circles or the public, a trade name should also not be identical or similar to another trade name which is no longer used but is still well known by the public.

- (3) The name or address of the vendor may not be indicated on goods originating in a country other than that in which the sale takes place if they are not accompanied by a clear indication in legible characters of the country or place of manufacture or production.

Persons living in a place well known for the production or manufacture of specific goods, who deal in goods which are similar but originate from another source, may not use their mark on the latter goods if the mark, although not indicating either their name or their address, is of such a nature as to mislead the public as to the source of the goods, unless they take all necessary precautions to avoid such confusion.

- (4) The use of the name of the locality where a manufacturer has his principal industrial establishment shall be allowed, in respect of goods manufactured elsewhere on his behalf, only if this last particular is clearly indicated.
- (5) Mention of any medals, diplomas, rewards, or honorary distinctions, awarded either in exhibitions or competitions or by sovereigns, States, public administrations, learned bodies, or scientific societies, shall be allowed only in connection with the goods to which the distinctions apply and the persons and commercial firms which received them or their assigns. Such mention must contain an exact indication of their date and their nature, as well as of the exhibitions or competitions in which the distinctions may have been obtained.

No participant in a collective exhibition may make use, on his goods, of a distinction awarded at the said exhibition without clearly indicating its origin and nature."



## Section 48: Protection of Trade Names

**(1) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.**

**(2) In particular, any subsequent use of the trade name by a third party, whether as a trade name or as a trademark, service mark, or collective mark, and any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.**

**(3) Section 19 of this Law shall be applicable by analogy to trade names.**

This Section regulates the protection of trade names. It was amply discussed in the Second Model Law Committee, where a majority expressed itself in favor of adopting the principle according to which protection of a trade name should be based on priority of use. This principle is embodied in subsection (1) of the Section under consideration, which provides for protection independently of registration, even if such registration is otherwise mandatory under other laws or regulations of the country. Such laws and regulations would probably provide for sanctions for failure to register a trade name. Such sanctions could not, however, consist of a denial of protection of the non-registered trade name against acts likely to cause confusion, as provided in the Model Law. Protection of this kind is clearly in the interest of the public.

The subject of the protection under the Section under consideration is the name—or any of the names—or designation of the enterprise itself, or part of the enterprise, and not the sign or name of the building where it is established. Confusion with respect to these elements can be repressed by invoking Section 52(a).

The Second Model Law Committee discussed the question whether the Model Law should provide for a possibility of licensing the use of a trade name to a third party. In view of the fact that these licenses are comparatively rare, the Committee was of the opinion that license contracts with respect to trade names should be governed by the civil or commercial law of the country concerned, rather than by the Model Law.

*Subsection (2)* specifies the typical scope of protection of a trade name: any subsequent use, by a third party, of the name itself, whether as a trade name or as a mark, and any such use of a similar trade name or mark, *if likely to mislead the public*, will be deemed unlawful. As already observed, the protection which the Model Law provides for trade names is less absolute than the protection it provides for marks in Section 18, particularly in the first part of paragraph (a) of that Section. The reason for this difference is that a trade name does not have to be distinctive: it can consist of a very common surname or of a description of the enterprise. In such cases, the same surname or description may be used by others, provided the likelihood of confusion by the public is avoided. Such confusion is unlikely if the enterprises are far apart; for example, if they are located in different parts of the country and each of them is only locally known. On the other hand, geographical proximity of the headquarters of the enterprises or their size may make such confusion likely. In such cases and if, for example, a trade name consists of a surname, another person having the same surname will not be entitled to use it as a trade name, unless he adds to the name such distinctive elements as will

exclude the likelihood of confusion. The same is true for a description of the enterprise in a trade name.

Trade names of enterprises established in foreign countries will also be protected under the Model Law against the use of an identical or similar trade name in the country itself if the latter is likely to mislead the public. Such cases would normally arise only if the foreign trade name is already used in the country concerned in the course of trade or in publicity, or if the foreign trade name, even if not yet used in the country, is already well known there (see, for the identical situation with respect to the registration of marks, Section 6(1)(c) and (d)).

*Subsection (3)* renders Section 19 applicable by analogy to trade names. The provision means that the protection of a trade name does not create obstacles to the bona fide use of *exact* (i.e., true) indications for the purposes of mere identification or information, on condition that these indications cannot mislead the public as to the identity of an enterprise.

### **Section 49: Assignment and Transfer of Trade Names**

**(1) A trade name may be assigned or transferred, but only together with the transfer of the enterprise or part of the enterprise identified by that name.**

**(2) The assignment of a trade name shall be made in writing and shall require the signatures of the contracting parties. Transfers by mergers or other forms of succession may be made by any document supporting such transfer.**

As in the case of marks (Section 21), it is necessary to provide for the possibilities of assignment and transfer of trade names. If the ownership of an enterprise is transferred it must be possible for the transferee to obtain the trade name as well—that is, the trade name as such, even if it is the surname of the transferor—with the priority of use attaching to it. This is also true in the case of transfer of part of an enterprise when the part transferred is identified by a separate trade name.

However, since the trade name (unlike a mark) identifies the enterprise, or part of it, assignment or transfer of the trade name is allowed only if it occurs in connection ("together") with the transfer of the enterprise, or the part of it, identified by the trade name.

*Subsection (1)* regulates assignment and transfer of trade names accordingly.

*Subsection (2)* deals with the requirements of assignment and transfer of a trade name as to form. The provisions are analogous to those governing the assignment and transfer of marks (Section 21(3)).

During the discussions of the Second Model Law Committee, the question was raised whether the Model Law should contain provisions regarding the termination of the protection of a trade name. The problem is a delicate one because, whereas in most cases there will no longer be any need for protection of a trade name after its use has been definitely stopped, in other cases, where the trade name has become well known, its

usurpation by another party after termination of its use will, at least during a certain period, be liable to deceive trade circles or the public, and there will be a need for protection. Such protection, in the latter case, will be available under Section 47. Competitors, or a competent authority, will be able to invoke this provision before a Court.

### Section 50: Acts of Unfair Competition

**Any act of competition contrary to honest practices in industrial or commercial matters shall be unlawful.**

With respect to unfair competition, the Model Law contains a general and very important rule according to which *any* act of competition contrary to honest practices in industrial or commercial matters is unlawful. The Courts will have to apply this rule to *all* acts of unfair competition even if they are not related to the examples of acts of unfair competition given in Sections 51 and 52. Courts will have to decide, for example, in each case brought before them, whether, in the given circumstances, any of the acts indicated above in the Introduction to Part IV constitutes an act of unfair competition. In many countries an extensive case law has developed in this field, which can be consulted with advantage also by other countries.

### Section 51: Misuse of Indications of Source and Appellations of Origin

**(1) It shall, in particular, be unlawful:**

- (a) to make direct or indirect use of a false or deceptive indication of the source of goods or services or of the identity of their producer, manufacturer, or supplier;**
- (b) to make direct or indirect use of a false or deceptive appellation of origin, or to imitate an appellation of origin, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as "kind," "type," "make," "imitation," or the like.**

**(2) Action to prevent or repress the unlawful acts referred to in the preceding subsection may be initiated by any competent authority or by any interested person, association, or syndicate, in particular, by producers, manufacturers, or traders, who may correctly identify their goods or services with the indication or appellation in question, or by**

Subsection (1) of this Section indicates, as examples of acts of unfair competition, the misuse of indications of source and appellations of origin. According to the definitions in Section 1(1)(c) and (f), these two notions must be distinguished from each other. An indication of source is any expression or sign used to indicate that a product or service originates in a given country or group of countries, region, or locality. Appellations of origin form a special category of these indications; they serve to designate a product originating in a country, region, or locality, when the *quality* and *characteristics* of this product are *due* exclusively or essentially to the *geographical environment*, including natural and human factors. Thus, this second category does not merely indicate the geographical origin of a product but implies a certain quality, or certain characteristics, due to such origin. Examples of appellations of origin are many names of wines, or of distilled products such as "Cognac," but also "Cashmere wool," "Thai silk," "Ceylon tea," and many others.

Indications of source and appellations of origin are both geographical indications. They have to be distinguished, on the one hand, from apparently geographical indications which however, in reality, are only *generic names* of products, such as "Eau de Cologne," and, on the other hand, from *marks* which contain a geographical indication. An individual mark

**the syndicates or associations representing them for that purpose.**

—trademark or service mark—may contain a geographical indication only if the mark, with this indication, is capable of distinguishing goods or services of one enterprise from those of other enterprises (Section 5(1)(d)). Such indication in a mark must also not be deceptive (Section 5(1)(e)). A collective mark can more easily contain a geographical indication, which may also refer to the quality or other characteristics of goods or services. Registration of such collective mark will generally ensure a very effective protection for the geographical indication. However, a collective mark requires that its use be organized by regulations (Section 40), and the use requires control by the registered owner (Section 46). Such organization is not always possible or may be lacking for various reasons. This is one of the reasons for which it is important to provide for protection through special provisions concerning indications of source and appellations of origin as such.

Such indications and appellations may be of great importance in developing countries. In fact, in countries where industrialization has not yet made the necessary progress, there are very often natural products, or handicraft products, of high quality, originating in particular regions (the country itself or one or more of its districts, towns, or villages). The same situation may exist in respect of services of special quality. In such cases, it is important that the indications of source or appellations of origin should be used only for goods or services entitled to them, and not for others of different origin and possibly lesser quality, because their use for the latter would destroy the reputation of the goods or services of genuine origin and the economic value attaching to them.

*Subsection (1) (a)* deals with indications of source. It provides that it is unlawful to make direct or indirect use of a false or deceptive indication of the source of goods or services. Such false or deceptive indication can be effected directly, by naming a geographical source, or indirectly, by using a foreign language or pictures which falsely indicate or suggest a particular source. The provision under discussion is extended to the false or deceptive indication of the identity of the producer, manufacturer, or supplier, of goods or services.

*Subsection (1) (b)* deals with appellations of origin. It contains, in the first place, a provision similar to the one contained in paragraph (a) with respect to indications of source. However, since appellations of origin not only indicate geographical origin but also carry with them a significance as to quality or other characteristics due to the origin, it is prohibited not only to use but also to *imitate* such appellations, even if the *true* origin of the product is indicated (for example: "Spanish Champagne" or "Dutch Cognac"), or even when the appellation is merely used as a *reference*, such as "tea of Ceylon type."

*Subsection (2)* takes into account the fact that indications of source and appellations of origin (as distinct from marks) do not have an owner capable of ensuring their protection against misuse. The capacity to prevent or repress such misuse is therefore given to the competent authority of the country concerned, and to any interested person, generally a competitor, as well as to organizations which may supervise the correct use of such indications or appellations.

## Section 52: Other Acts of Unfair Competition

The following acts shall also be deemed to constitute acts of unfair competition:

- (a) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (b) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (c) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

Some acts of competition are always to be deemed unfair and this Section specifies three kinds of such acts. The Section reflects the provisions of Article 10ter of the Paris Convention, provisions which have been adhered to by a very large number of countries and can therefore be said to represent generally accepted views on the subject.

## Section 53: Legal Proceedings

(1) The civil sanctions provided for in Section 36 shall be applicable also to the unlawful acts referred to in Sections 48(1) and (2), 50, 51, and 52.

(2) Any intentional committal of any of the unlawful acts referred to in Sections 51 and 52 shall constitute an offense and be punishable according to Section 37(2).

This Section regulates the legal remedies which are available for the protection of trade names and the prevention or repression of acts of unfair competition.

*Subsection (1)* stipulates that the civil sanctions provided for regarding marks in Section 36 are also applicable to the unlawful acts committed with respect to trade names (Section 48(1) and (2)), acts of unfair competition in general (Section 50), misuse of indications of source and appellations of origin (Section 51), and other acts of unfair competition specified in the Law (Section 52).

According to *subsection (2)* penal sanctions can be invoked only in the latter two cases and only if the unlawful acts were committed intentionally.

## **PART V: PROCEDURAL PROVISIONS AND RULES**

This fifth and final Part of the Model Law contains two Sections, one concerning the competence of the Courts (Section 54) and the other making provision for the establishment of Rules under the Law (Section 55). These provisions are grouped at the end of the Model Law, since they are applicable to all matters dealt with therein, namely, individual marks, collective marks, trade names, and acts of unfair competition.

### **Section 54: Competence of Courts**

**(1) The ordinary Courts shall be competent to deal with all litigation concerning the application of this Law, particularly as regards appeals against decisions of the Trademark Office, license contracts, removal and nullity of marks, infringement of rights under the mark, and the unlawful acts referred to in Sections 48, 50, 51, and 52.**

**(2) Subject to Section 15, the Court of the domicile of the defendant, or, if he is domiciled abroad, the Court of the place where the Trademark Office is located, shall have jurisdiction.**

**(3) The decisions of the Court shall be subject to appeal, annulment, or revision, according to the general rules of procedure.**

This Section deals with questions concerning the competence and jurisdiction of Courts. Since the judicial systems of countries differ widely, all that the Model Law can do is to indicate possible solutions in this respect, which each country will have to adapt to its own legal system.

*Subsection (1)* attributes competence to the ordinary Courts of the country for all litigation concerning the application of the Law.

*Subsection (2)* deals with the territorial competence of these Courts within the country. It does not interfere with the competence of foreign Courts, which will be regulated by the legislation of the foreign country concerned. The basic rule of this subsection is that, if the defendant is domiciled within the country, the Court of this domicile will be competent. If he is domiciled abroad, the Court of the place where the Trademark Office is located will be the competent Court. The indication of an address for service within the country according to Sections 7(1)(b) and 13(2) does not modify these rules because such indication is prescribed only to facilitate communications (Section 13(5)). As regards litigation in connection with the registration of marks (Section 15), the Court of the place where the Trademark Office is located, will always be the only competent Court. This Court may thus acquire the maximum experience in these matters and a certain degree of specialization.

*Subsection (3)* contains a reminder that provisions with respect to appeal, annulment, or revision, of Court decisions will apply, unless otherwise provided in the legislation of the country concerned.

### **Section 55: Rules**

**The Rules shall prescribe the details of application of this Law, particularly in regard to Sections 7(3), 10, 12 (Alternative B)(4), (7) and (12), 14(1), 17(1), (4) and (5), 21(4), 22(3), 43(2), and 45(2).**

This Section is self-explanatory.



## **TEXT OF THE MODEL LAW**





# **MODEL LAW FOR DEVELOPING COUNTRIES ON MARKS, TRADE NAMES, AND ACTS OF UNFAIR COMPETITION**

---

## **PART I: GENERAL PROVISIONS**

### **Section 1: Definitions**

- (1) For the purposes of this Law:**
  - (a) “trademark” means any visible sign serving to distinguish the goods of one enterprise from those of other enterprises;**
  - (b) “service mark” means any visible sign serving to distinguish the services of one enterprise from those of other enterprises;**
  - (c) “collective mark” means any visible sign designated as such and serving to distinguish the origin or any other common characteristic of goods or services of different enterprises which use the mark under the control of the registered owner;**
  - (d) “trade name” means the name or designation identifying the enterprise of a natural or legal person;**
  - (e) “indication of source” means any expression or sign used to indicate that a product or service originates in a given country or group of countries, region, or locality;**
  - (f) “appellation of origin” means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.**
- (2) Provided they are not inadmissible under Sections 5 and 6, marks may consist, in particular, of arbitrary or fanciful designations, names, pseudonyms, geographical names, slogans, devices,**

reliefs, letters, numbers, labels, envelopes, emblems, prints, stamps, seals, vignettes, selvages, borders and edgings, combinations or arrangements of colors, and shapes of goods or containers.

## **Section 2: Applicability of International Conventions**

The relevant provisions of international bilateral or multilateral conventions to which [the country] is or will become a party, which regulate the rights of nationals of States parties to such conventions and of persons assimilated to such nationals, shall be applicable by virtue of this Law.

## **Section 3: Rights of Foreigners**

Foreigners who do not fall within the scope of the preceding Section shall have the same rights under this Law as nationals.

# **PART II: TRADEMARKS AND SERVICE MARKS**

## **CHAPTER I: RIGHT TO A MARK**

### **Section 4: Registration of Mark**

- (1) The exclusive right to a mark, conferred by this Law, shall be acquired, subject to the following provisions, by registration.
- (2) Registration of a mark can validly be granted only to the person who has first fulfilled the conditions for valid application or who is the first validly to claim the earliest priority for his application.

### **Section 5: Marks Inadmissible on Objective Grounds**

- (1) Marks cannot be validly registered:
  - (a) which consist of shapes or forms imposed by the inherent nature of the goods or services or by their industrial function;
  - (b) which consist exclusively of a sign or indication which may serve, in the course of trade, to designate the kind,

- quality, quantity, intended purpose, value, place of origin, or time of production or of supply, of the goods or services concerned;
- (c) which consist exclusively of a sign or indication which has become, in the current language or in the bona fide and established practices of the trade of the country, a customary designation of the goods or services concerned;
  - (d) which, for other reasons, are incapable of distinguishing the goods or services of one enterprise from those of other enterprises;
  - (e) which are contrary to morality or public order and which, in particular, are liable to deceive trade circles or the public as to the nature, the source, the manufacturing process, the characteristics, or the suitability for their purpose, of the goods or services concerned;
  - (f) which reproduce or imitate the armorial bearings, flags and other emblems, initials, names or abbreviations of names, of any State or of any intergovernmental international organization or any organization created by an international convention, unless authorized by the competent authority of that State or international organization;
  - (g) which reproduce or imitate official signs or hall-marks adopted by a State, unless authorized by the competent authority of that State;
  - (h) which resemble, in such a way as to be likely to mislead the public, a collective mark whose registration has expired and has not been renewed, or in whose case the renunciation, removal, or nullity, has been recorded in the Register, in the course of the three-year period prior to the filing of the mark in question.
- (2) To determine whether the mark can be validly registered, in the light of provisions (b) to (d) of the preceding subsection, account shall be taken of all the factual circumstances, particularly the length of time the mark has been in use in the country itself or in other countries, and the fact that the mark is held to be distinctive in other countries or in trade circles.

### **Section 6: Marks Inadmissible by Reason of Third-Party Rights**

- (1) Marks cannot be validly registered:
- (a) which resemble, in such a way as to be likely to mislead the public, a mark already validly filed or registered by a

third party, or subsequently filed by a person validly claiming priority, in respect of the same goods or services, or of other goods or services in connection with which use of such marks might be likely to mislead the public;

- (b) which resemble, in such a way as to be likely to mislead the public, an unregistered mark used earlier in the country by a third party in connection with identical or similar goods or services, if the applicant is aware, or could not have been unaware, of such use;
  - (c) which resemble, in such a way as to be likely to mislead the public, a trade name already used in the country by a third party, if the applicant is aware, or could not have been unaware, of such use;
  - (d) which constitute a reproduction, in whole or in part, an imitation, a translation, or a transcription, likely to mislead the public, of a mark or trade name which is well known in the country and belongs to a third party;
  - (e) which infringe other third-party rights or are contrary to the rules for the prevention of unfair competition;
  - (f) which are filed by the agent or the representative of a third person who is the proprietor of these marks in another country, without the authorization of such proprietor, unless the agent or representative justifies his action.
- (2) The consent of third parties mentioned under (a) to (e) of the preceding subsection may be taken into account in determining the admissibility of the mark.

## CHAPTER II: PROCEDURE FOR REGISTRATION

### Section 7: Requirements of Application

- (1) The application for registration of a mark shall be made to the Trademark Office and shall contain:
- (a) a request for the registration of the mark;
  - (b) the complete name and address of the applicant and, if the applicant's address is outside the country, an address for service within the country;
  - (c) four copies of a representation of the mark;
  - (d) a clear and complete list of the particular goods or services in respect of which registration of the mark is

requested, with an indication of the corresponding class or classes according to the classification referred to in the Nice Agreement, of June 15, 1957, concerning the International Classification of Goods and Services to which Trademarks are Applied.

(2) If the application for registration of a mark is filed through an agent, it shall be accompanied by a power of attorney signed by the applicant; legalization or certification of the signature shall not be necessary.

(3) The details of the above requirements with which the application for registration of a mark must comply shall be fixed by the Rules.

### **Section 8: Right of Priority**

The applicant for registration of a mark who wishes to avail himself of the priority of an earlier application filed in another country is required to append to his application a written declaration, indicating the date and number of the earlier application, the country in which he or his predecessor in title filed such application, and the name of the applicant, as well as, within a period of three months from the date of the later application, to furnish a copy of the earlier application, certified as correct by the Industrial Property or Trademark Office of the country where it was filed.

### **Section 9: Temporary Protection of Mark Exhibited at International Exhibition**

(1) The applicant for registration of a mark who has exhibited goods bearing the mark or services rendered under the mark at an official or officially recognized international exhibition and who applies for registration of that mark, within six months from the day on which the goods bearing the mark or the services rendered under the mark were first exhibited in the exhibition, shall, on his request, be deemed to have applied for registration on that day.

(2) Evidence of the exhibition of goods bearing the mark or services rendered under the mark must be given by a certificate issued by the competent authorities of the exhibition, stating the date on which the mark was first used in connection with goods or services included in the exhibition.

(3) The provisions of this Section shall not extend any other period of priority claimed by the applicant.

### **Section 10: Payment of Fees**

An application for registration of a mark shall not be accepted unless the fee prescribed by the Rules has been paid.

### **Section 11: Examination of Application as to Form**

- (1) The Trademark Office shall examine the application as to its conformity with Sections 7, 8, 9, and 10.
- (2) If the provisions of Sections 7 or 10 have not been complied with, the Office shall refuse to register the mark; if the requirements of Sections 8 or 9 are not fulfilled, the Office shall not mention, in respect of the registration of the mark, the priority claimed or the certified use of the mark at an international exhibition.

#### **Alternative A**

### **Section 12: Registration of Mark without Examination of Application as to Substance**

- (1) When the examination referred to in Section 11 shows that the application satisfies the requirements of Sections 7 and 10, the mark shall be registered, as applied for, without further examination, and particularly without examination of the question whether registration is contrary to Sections 5 and 6.
- (2) When the examination referred to in Section 11 shows that the provisions of Sections 8 or 9 have been complied with, the Office shall record, in respect of the registration, the priority claimed or the date of certified use of the mark at an international exhibition.

#### **Alternative B**

### **Section 12: Registration of Mark after Examination of Application as to Substance and Opportunity for Opposition**

- (1) When the examination referred to in Section 11 shows that the application satisfies the requirements of Sections 7 and 10, the Trademark Office shall proceed to the examination of the question whether or not the registration of the mark is precluded on one or more of the grounds referred to in Sections 5 and 6.

(2) When the Office finds that the answer to the question in the preceding subsection is in the affirmative, it shall notify the applicant accordingly, stating the grounds on which the mark cannot be registered; it shall invite the applicant to withdraw his application or to communicate his observations on the grounds for refusal, within a period of two months. If the applicant does not withdraw his application and does not communicate his observations within the stated period, or if, despite the fact that he has communicated his observations within the prescribed period, the Office continues to consider that the mark is precluded from registration, registration shall be refused. If, on the other hand, the Office considers that the mark may be registered, subsection (4) shall apply.

(3) When the Office finds that the answer to the question in subsection (1) is in the affirmative for only part of the goods or services indicated in the application, it shall apply the preceding subsection in respect of that part and suspend application of the following subsections until such time as a decision under the preceding subsection has been taken.

(4) When the Office finds, possibly after proceeding under subsections (2) or (3), that the answer to the question in subsection (1) is in the negative, it shall invite the applicant to pay, within a period of two months, the fee for publication of the application fixed by the Rules.

(5) If the fee for publication of the application is not paid within the prescribed period, registration of the mark shall be refused.

(6) If the fee for publication is paid within the prescribed period, the Office shall proceed to publish the application, mentioning: the date of application; the goods or services in respect of which registration of the mark is requested, with the indication of the corresponding class or classes; the name, address and, where appropriate, the address for service, of the applicant; the priority claimed or the date of certified use of the mark at an international exhibition.

(7) Any person who considers that registration of the mark is precluded on one or more of the grounds referred to in Sections 5 and 6 may give notice of opposition to such registration within a period of three months from the date of publication of the application, stating his grounds for opposition. Opposition shall not be deemed to have been lodged until the relevant fee fixed by the Rules has been paid.

(8) If no opposition has been lodged within the prescribed period, the mark shall be registered.

(9) In the event of opposition, the Office shall communicate the grounds of opposition to the applicant and shall invite him to



present his observations on these grounds within a period of three months. After this period, the Office shall decide on the opposition as rapidly as possible and shall register the mark or refuse registration.

(10) In the event of registration, the Office shall, if the examination referred to in Section 11 has shown that the provisions of Sections 8 or 9 have been complied with, record, in respect of the registration, the priority claimed or the date of certified use of the mark at an international exhibition.

(11) The Office may, on request, grant a reasonable extension of any of the periods referred to in this Section, particularly if the applicant is residing abroad, or if the Office is informed that the opposing party and the applicant are negotiating with each other.

(12) The details of the application of this Section shall be fixed by the Rules.

### **Section 13: Registration of Mark and Issuance of a Certificate**

(1) The Trademark Office shall maintain a Register in which shall be registered marks, numbered in the order of their registration, and in which shall be recorded, in respect of each mark, all transactions to be recorded by virtue of this Law.

(2) The registration of a mark shall include a reproduction of the mark and shall mention: its number; the name and address of the registered owner and, if the registered owner's address is outside the country, his address for service within the country; the dates of application and registration; if priority is claimed, an indication of this fact, and the number, date and country of the application, basis of the priority claimed; if a certificate concerning exhibition of the mark at an international exhibition has been filed, the contents of this certificate; the list of goods or services in respect of which registration has been granted, with the indication of the corresponding class or classes.

(3) The Office shall establish and send by registered mail a certificate of the registration to the registered owner at his address or, if his address is outside the country, at his address for service.

(4) The Office shall record any change of address, or address for service, which shall be notified to it by the registered owner.

(5) In the absence of any provision to the contrary in this Law, communications to be made to the registered owner by virtue

of this Law shall be sent to him at his last recorded address and, at the same time, at his last recorded address for service.

#### **Section 14: Publication of Registered Marks; Consultation of Register**

(1) The Trademark Office shall publish, in the form and within the period fixed by the Rules, marks registered, in the order of their registration, reproducing all the particulars referred to in Section 13(2).

(2) Marks registered at the Trademark Office may be consulted free of charge at that Office, and any person may obtain copies thereof at his own expense. This provision shall also be applicable to transactions recorded in respect of any registered mark.

#### **Section 15: Appeals**

Any person aggrieved by a final decision of the Trademark Office, taken by virtue of the provisions of this Chapter, shall have the right to appeal to the Court of the place where the Office is located, under the conditions prescribed in Section 54.

### **CHAPTER III: DURATION AND RENEWAL OF REGISTRATIONS OF MARKS**

#### **Section 16: Duration of Registration**

Subject to earlier termination as provided for in Sections 29 to 35, registration of a mark shall be for a period of ten years from the date of registration.

#### **Section 17: Renewal**

(1) Registration of a mark may be renewed for further consecutive periods of ten years merely by paying the fee for renewal fixed by the Rules.

(2) At the time of renewal, no change may be made in the mark or in the list of goods or services in respect of which the mark is registered, except that goods or services may be eliminated from the list.

(3) Renewal of the registration of a mark shall not be subject to renewed examination of the mark by the Trademark Office or to opposition.

(4) The renewal fee must be paid within the twelve months preceding the expiration of the period of registration. However, a period of grace of six months shall be granted for the payment of the fee after such expiration, upon payment of a surcharge fixed by the Rules.

(5) The Trademark Office shall record in the Register and publish, in the form and within the period fixed by the Rules, renewals of registrations, mentioning any elimination from the lists of goods or services.

## **CHAPTER IV: RIGHTS CONFERRED BY REGISTRATION OF MARK**

### **Section 18: Rights Conferred by Registration**

Registration of the mark shall confer upon its registered owner the right to preclude third parties from the following acts:

- (a) any use of the mark, or of a sign resembling it in such a way as to be likely to mislead the public, for goods or services in respect of which the mark is registered, or for other goods or services in connection with which the use of the mark or sign is likely to mislead the public;
- (b) any other use of the mark, or of a sign or trade name resembling it, without just cause and in conditions likely to be prejudicial to the interests of the registered owner of the mark.

### **Section 19: Use of Indications by Third Parties for Purposes Other than Those for which the Mark is Used**

Registration of the mark shall not confer on its registered owner the right to preclude third parties from using bona fide their names, addresses, pseudonyms, a geographical name, or exact indications concerning the kind, quality, quantity, destination, value, place of origin, or time of production or of supply, of their goods and services, in so far as such use is confined to the purposes of mere identification or information and cannot mislead the public as to the source of the goods or services.

## **Section 20: Limitation of Rights Conferred by Registration**

Registration of the mark shall not confer upon the registered owner the right to preclude third parties from using the mark in relation to the goods lawfully sold in the country under that mark, provided that these goods have not undergone any change.

## **CHAPTER V: ASSIGNMENT AND TRANSFER OF APPLICATIONS AND REGISTRATIONS**

### **Section 21: Assignment and Transfer of Applications and Registrations**

- (1) An application for registration of a mark, or its registration, may be assigned or transferred, independently of the transfer of all or part of the enterprise using the mark, in respect of all or part of the goods or services for which the application was filed or the mark registered
- (2) Such assignment or transfer shall, however, be null and void if its purpose or effect is liable to mislead the public, particularly as regards the nature, source, manufacturing process, characteristics, or suitability for their purpose, of the goods or services to which the mark is applied.
- (3) The assignment of the application for registration of a mark, or of its registration, shall be made in writing and shall require the signatures of the contracting parties. Transfers by mergers or other forms of succession may be made by any document supporting such transfer.
- (4) Assignments and transfers of registrations of marks shall be recorded in the Trademark Office, on payment of a fee fixed by the Rules; assignments and transfers of applications for registration shall, on payment of the same fee, be provisionally recorded, and the mark, when registered, shall be registered in the name of the assignee or transferee.
- (5) Assignments and transfers shall have no effect against third parties until they have been recorded.

## **CHAPTER VI: LICENSE CONTRACTS**

### **Section 22: License Contracts**

- (1) The registered owner of a mark may, by contract, grant to any other person or enterprise a license to use the mark for all

or part of the goods or services in respect of which the mark is registered. Use of the mark by the licensee shall be deemed to be use by the registered owner of the mark.

(2) The license contract must be in writing and shall require the signatures of the contracting parties.

(3) The license contract or an appropriate extract thereof shall be recorded in the Trademark Office, on payment of a fee fixed by the Rules; the license shall have no effect against third parties until so recorded.

(4) The recording of a license shall be cancelled on request of the registered owner of the mark or the licensee, upon evidence of termination of the license.

### **Section 23: Nullity of License Contracts\***

The license contract shall be null and void in the absence of relations or stipulations between the registered owner of the mark and the licensee, ensuring effective control by the registered owner of the quality of the goods or services of the licensee in connection with which the mark is used.

### **Section 24: Invalid Clauses in License Contracts**

(1) Clauses in license contracts or relating to such contracts are null and void in so far as they impose upon the licensee, in the industrial or commercial field, restrictions not deriving from the rights conferred by the registration of the mark or unnecessary for the safeguarding of these rights.

(2) The following in particular shall be deemed not to constitute such restrictions:

- (a) limitations concerning the scope, extent, territory, or duration of use, of the mark, or the quality or quantity of the goods or services in connection with which the mark may be used;
- (b) limitations justified by the requirements of the effective control provided for under Section 23;
- (c) the obligation imposed upon the licensee to abstain from all acts capable of prejudicing the validity of the registration of the mark.

---

\* Countries wishing to enable the Trademark Office to control the application of this Section should add, as subsection (2), the following provision:

(2) The Trademark Office shall refuse to record license contracts which fail to reveal the relations or fail to provide for the stipulations referred to in the preceding subsection.

### **Section 25: Right of Licensor to Grant Further Licenses**

- (1) In the absence of any provision to the contrary in the license contract, the grant of a license shall not prevent the licensor from granting further licenses to third persons or from using the mark himself.
- (2) The grant of an exclusive license shall prevent the licensor from granting further licenses to third persons and, in the absence of any provision to the contrary in the license contract, from using the mark himself.

### **Section 26: Rights of Licensee**

In the absence of any provision to the contrary in the license contract, the licensee shall be entitled to use the mark during the whole duration of the registration, including renewals, in the entire territory of the country, and in respect of all the goods or services for which the mark is registered.

### **Section 27: Non-Assignability of Licenses**

- (1) In the absence of any provision to the contrary in the license contract, a license shall not be assignable to third parties and the licensee shall not be entitled to grant sub-licenses.
- (2) If the licensee is entitled by contract to assign his license or to grant sub-licenses, Sections 22 to 26 and 28 shall apply.

### **Section 28: License Contracts Involving Payments Abroad**

The responsible Minister or other competent authority may, by order, provide that, on pain of invalidity, license contracts or certain categories of them, and amendments or renewals of such contracts, which involve the payment of royalties abroad, shall require the approval of . . . , taking into account the needs of the country and its economic development.

## **CHAPTER VIII: RENUNCIATION, REMOVAL, NULLITY**

### **Section 29: Renunciation of Registration**

- (1) The registered owner of a mark may renounce the registration either wholly or in respect of part of the goods or services for which the mark is registered.

(2) Renunciation must be notified in the form of a written declaration to the Trademark Office, which shall record it in the Register and publish it as soon as possible. Renunciation shall be effective only after it has been recorded.

(3) If a license to use the mark is recorded at the Trademark Office, renunciation of the registration shall be recorded only upon submission of a declaration by which the recorded licensee consents to the renunciation, unless the licensee shall have expressly waived this right in the license contract.

### **Section 30: Removal of Mark for Non-Use**

(1) Subject to subsections (3) and (4), a mark shall be removed from the Register if its registered owner has, without legitimate reason, failed to use the mark within the country, or to cause it to be used in the country by virtue of a license, after registration, during five consecutive years preceding the allegation of non-use.

(2) Only circumstances beyond the control of the registered owner of the mark may be deemed a legitimate reason for non-use. Lack of funds shall not be considered a legitimate reason. The burden of proof regarding the allegation of non-use of the mark or the use of it shall be decided by the Court according to the circumstances of the case.

(3) The use of a mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered shall not be ground for removal of the mark and shall not diminish the protection granted to the mark.

(4) The use of a mark in connection with one or more of the goods or services belonging to any given class in respect of which the mark is registered shall suffice to prevent its removal in respect of all the other goods or services of the same class.

### **Section 31: Removal of Mark which Becomes a Generic Name**

A mark shall be removed from the Register if the registered owner has provoked or tolerated its transformation into a generic name for one or more of the goods or services in respect of which the mark is registered, so that, in trade circles and the eyes of the public, its significance as a mark has been lost.

### **Section 32: Procedure and Effect of Removal**

**(1) The removal of a mark from the Register, as provided for in Sections 30 and 31, shall be ordered by the Court on the request of any person showing a legitimate interest, or of any competent authority, after having given the registered owner an opportunity to be heard.**

**(2) When the decision declaring total or partial removal of a mark becomes final, the registration shall be deemed, within the limits of the decision, to have ceased to have any legal effect from the completion of the event which gave rise to the removal.**

### **Section 33: Nullity of Registration\***

**(1) On the request of any person showing a legitimate interest, or of any competent authority, the Court, after having given the registered owner an opportunity to be heard, shall declare the registration of a mark null and void if the mark should not have been registered in view of Sections 5 or 6, provided however that grounds which no longer exist at the time of the decision shall not be taken into account.**

**(2) If the grounds for nullity of the registration of the mark exist in respect of only part of the goods or services for which the mark is registered, nullity of the registration shall be declared for that part only of the goods or services.**

### **Section 34: Effects of Declaration of Nullity**

**(1) When the decision declaring total or partial nullity of a registration becomes final, the registration shall be deemed, within the limits of the decision, to have been null and void from the date of such registration.**

**(2) Nevertheless, where licenses have been granted, the Court may decide that nullity of the registration shall not entail the repayment of royalties paid by any licensee in so far as he has effectively profited from the license.**

---

\* Countries which provide for an examination of applications for registration of marks as to substance, for example according to Alternative B of Section 12, may wish to add, as subsection (3), the following provision:

**(3) Any action for a declaration of nullity based on one or more of the grounds under Section 6, subsection (1), shall be commenced within five years from the date of registration.**



### **Section 35: Notification, Recording, and Publication, of Decisions of Removal and Nullity**

When the decision ordering total or partial removal of a mark or declaring nullity of a registration becomes final, the Registrar of the Court shall notify it to the Trademark Office, which shall record it in the Register and publish it as soon as possible.

## **CHAPTER VIII: INFRINGEMENT OF RIGHTS UNDER THE MARK**

### **Section 36: Civil Sanctions**

- (1) The registered owner of a mark whose rights under Section 18 are threatened with infringement, or are infringed, may institute legal proceedings designed to prevent the infringement or to prohibit its continuation.
- (2) In case of infringement of these rights, the registered owner of the mark may also claim damages and the application of any other sanction provided for in the civil law.

### **Section 37: Penal Sanctions**

- (1) Any intentional infringement of the rights of the registered owner of the mark under Section 18(a) shall constitute an offense.
- (2) Such offense shall be punishable by a fine not exceeding . . . or by imprisonment not exceeding . . . , or both.
- (3) In the event of recidivism, the maximum penalties shall be doubled.
- (4) Recidivism shall be deemed to have occurred when, in the course of the five preceding years, the offender has been convicted of another infringement of rights conferred by Section 18(a).

### **Section 38: Legal Proceedings by Licensee**

- (1) Any licensee may, by registered mail, require the registered owner of the mark to introduce the legal actions necessary to obtain civil or penal sanctions in respect of any infringement of the mark indicated by the licensee.

(2) In the absence of any provisions to the contrary in the license contract, the licensee under a recorded license may, if the registered owner refuses or neglects to introduce the said legal actions within three months of the request, either obtain damages from the registered owner if the Court finds that the infringement of the mark was obvious or, after having given notice to the registered owner, introduce such actions in his own name, without prejudice to the right of the registered owner to intervene in such action. The licensee shall be responsible to the registered owner for any damage which the latter may suffer by unwarranted actions of the former.

### **PART III: COLLECTIVE MARKS**

#### **Section 39: Applicability of Other Provisions**

Sections 4 to 20, 29, 31, 32, and 34 to 37, of this Law shall also apply to collective marks, subject to the exceptions and additions in the following Sections.

#### **Section 40: Application for Registration of Collective Mark**

(1) An application for registration of a collective mark shall not be valid unless, in the application for registration, the mark is designated as a collective mark, and unless the application is accompanied by a copy of the regulations governing the use of the mark, duly certified by the applicant. No legalization of such certification shall be required.

(2) The regulations referred to in subsection (1) shall define the common characteristics or quality of the goods or services which the collective mark shall designate and the conditions in which and the persons by whom it may be used; shall provide for the exercise of effective control of the use of the mark in compliance with the regulations; and shall determine adequate sanctions for any use contrary to the said regulations.

#### **Section 41: Examination of Application for Registration of Collective Mark**

The examination of the application provided for under Section 11 shall also extend to examination as to compliance with Section 40.

### **Section 42: Registration and Publication of Collective Marks**

- (1) Collective marks shall be registered in a special section of the Register referred to in Section 13, and a copy of the regulations governing the use of the mark shall be appended to the registration.**
- (2) Publication of the mark in accordance with Section 14 shall include, in the case of collective marks, a summary of the regulations appended to the registration.**
- (3) The provision in subsection (2) of Section 14 shall also apply to the regulations appended to the registration.**

### **Section 43: Changes in Regulations Governing Use of Collective Mark**

- (1) The registered owner of a collective mark shall notify the Trademark Office of any changes effected in the regulations governing the use of the mark.**
- (2) All notifications of such changes shall be recorded in the Register on payment of a fee fixed by the Rules. Changes in the regulations shall have no effect until such recording. A summary of the recorded changes shall be published in accordance with Section 42(2).**

### **Section 44: Use of Collective Mark**

**The registered owner of a collective mark may use the mark himself provided it is also used by other authorized persons in accordance with the regulations governing such use; use by such persons shall be deemed to be use by the registered owner.**

### **Section 45: Transfer of Registration of Collective Mark**

- (1) The responsible Minister or other competent authority may, by order, approve the transfer of the registration of a collective mark, if the transferee undertakes to exert effective control over the use of the mark in compliance with the regulations.**
- (2) The transfer shall be recorded in the Register on payment of a fee fixed by the Rules; it shall have no effect until such recording.**

### **Section 46: Nullity of Registration of Collective Mark\***

**(1) On the request of any person showing a legitimate interest, or of any competent authority, the Court, after having given the registered owner an opportunity to be heard, shall declare the registration of a collective mark null and void:**

- (a) if the mark should not have been registered in view of Sections 5, 6, or 40, provided however that grounds which no longer exist at the time of the decision shall not be taken into account;**
- (b) if the regulations governing the use of the mark are contrary to morality or public order;**
- (c) if only the registered owner himself uses the mark or if he uses or permits use of the mark in contravention of the regulations governing such use, or uses or permits use of the mark in a manner liable to deceive trade circles or the public as to the origin or any other common characteristics of the goods or services in connection with which the mark is used, such conditions being equally applicable when the registered owner tolerates such use, while being aware of it, or is ignorant of it through lack of adequate control.**

**(2) If the grounds for nullity of the registration of the collective mark provided in paragraph (a) of subsection (1) exist in respect of only part of the goods or services for which the mark is registered, nullity of the registration shall be declared for that part only of the goods or services.**

## **PART IV: TRADE NAMES, ACTS OF UNFAIR COMPETITION, INDICATIONS OF SOURCE, APPELLATIONS OF ORIGIN**

### **Section 47: Prohibited Trade Names**

**A name or designation shall not be admissible as a trade name if, by reason of its nature or the use to which it may be put, it is contrary to morality or public order and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.**

---

\* Cf. footnote to Section 33.

### **Section 48: Protection of Trade Names**

- (1) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.**
- (2) In particular, any subsequent use of the trade name by a third party, whether as a trade name or as a trademark, service mark, or collective mark, and any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.**
- (3) Section 19 of this Law shall be applicable by analogy to trade names.**

### **Section 49: Assignment and Transfer of Trade Names**

- (1) A trade name may be assigned or transferred, but only together with the transfer of the enterprise or part of the enterprise identified by that name.**
- (2) The assignment of a trade name shall be made in writing and shall require the signatures of the contracting parties. Transfers by mergers or other forms of succession may be made by any document supporting such transfer.**

### **Section 50: Acts of Unfair Competition**

**Any act of competition contrary to honest practices in industrial or commercial matters shall be unlawful.**

### **Section 51: Misuse of Indications of Source and Appellations of Origin**

- (1) It shall, in particular, be unlawful:**
  - (a) to make direct or indirect use of a false or deceptive indication of the source of goods or services or of the identity of their producer, manufacturer, or supplier;**
  - (b) to make direct or indirect use of a false or deceptive appellation of origin, or to imitate an appellation of origin, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as “kind,” “type,” “make,” “imitation,” or the like.**
- (2) Action to prevent or repress the unlawful acts referred to in the preceding subsection may be initiated by any competent**

authority or by any interested person, association, or syndicate, in particular, by producers, manufacturers, or traders, who may correctly identify their goods or services with the indication or appellation in question, or by the syndicates or associations representing them for that purpose.

### **Section 52: Other Acts of Unfair Competition**

The following acts shall also be deemed to constitute acts of unfair competition:

- (a) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (b) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (c) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

### **Section 53: Legal Proceedings**

- (1) The civil sanctions provided for in Section 36 shall be applicable also to the unlawful acts referred to in Sections 48(1) and (2), 50, 51, and 52.
- (2) Any intention committal of any of the unlawful acts referred to in Sections 51 and 52 shall constitute an offense and be punishable according to Section 37(2).

## **PART V: PROCEDURAL PROVISIONS AND RULES**

### **Section 54: Competence of Courts**

- (1) The ordinary Courts shall be competent to deal with all litigation concerning the application of this Law, particularly as regards appeals against decisions of the Trademark Office, license contracts, removal and nullity of marks, infringement of rights under the mark, and the unlawful acts referred to in Sections 48, 50, 51, and 52.

**(2) Subject to Section 15, the Court of the domicile of the defendant, or, if he is domiciled abroad, the Court of the place where the Trademark Office is located, shall have jurisdiction.**

**(3) The decisions of the Court shall be subject to appeal, annulment, or revision, according to the general rules of procedure.**

### **Section 55: Rules**

**The Rules shall prescribe the details of application of this Law, particularly in regard to Sections 7(3), 10, 12 (Alternative B)(4), (7) and (12), 14(1), 17(1), (4) and (5), 21(4), 22(3), 43(2), and 45(2).**

**LIST OF PARTICIPANTS  
OF THE  
MODEL LAW COMMITTEE**





# **LIST OF PARTICIPANTS OF THE MODEL LAW COMMITTEE**

(Geneva, November 7 to 11, 1966)

## **I. STATES**

### **ALGERIA**

Mrs. Ghaoutia SELLALI, Director (ad interim), National Office of Industrial Property, Algiers  
Mr. Salah BOUZIDI, Head of the Trademark Office, National Office of Industrial Property, Algiers

### **ARGENTINA**

Mr. Luis Darío VERA, Head of Industrial Designs Division, Secretariat of Industry, Buenos Aires

### **BOLIVIA**

Mr. René ASCARRUNZ DURÁN, Director-General of Industrial Property, Ministry of National Economy,  
La Paz

### **BRAZIL**

Mr. Jorge Carlos RIBEIRO (Observer), Secretary of Embassy, Permanent Delegation of Brazil, Geneva

### **CEYLON**

Mr. J. F. PONNAMBALAM, Acting Registrar of Companies, Colombo

### **CHILE**

Mr. Gastón ILLANES, Attorney, Central Bank of Chile, Santiago

### **CONGO (KINSHASA)**

Mr. Gustave MULENDA, First Secretary, Embassy of the Congo, Berne

### **ETHIOPIA**

Mr. Ato Assefa HABTU, Director-General, Ministry of Commerce and Industry, Addis Ababa

### **GHANA**

Mr. Moses ABAKAH, Assistant Registrar-General, Accra

### **INDIA**

Mr. A. JOGARAO, Controller-General of Patents, Designs and Trade Marks, Bombay

### **INDONESIA**

Mr. Hartono PRODJOMARDOJO, Director, Patent Office, Djakarta

**IRAN**

Mr. Mehdi NARAGHI, Director of the Office for the Registration of Companies and Industrial Property, Teheran

**IRAQ**

Mr. Abdul Amir MOHAMED ALI, Director, Industrial Property Division, Ministry of Economy, Baghdad

**JORDAN**

Mr. Ali HINDAWI, Director, Trade and Companies Department, Ministry of National Economy, Amman

**KENYA**

Mr. David COWARD, Registrar-General, Nairobi

**LEBANON**

Mrs. Ruby HOMSY, First Secretary, Permanent Mission of Lebanon, Geneva

**LIBERIA**

Mr. Augustine D. JALLAH, Director of Archives, Patents, Trademarks and Copyright, Department of State, Monrovia

**LIBYA**

Mr. Salem ERRABTI, Trademark Office, Ministry of National Economy, Tripoli

Mr. Munir HAWISA, Ministry of Industry, Tripoli

**MALAYSIA**

Mr. Noor Naim Bin DADAMEAH, Registrar of Trade Marks, Kuala Lumpur

**MALTA**

Mr. Oliver GULIA, Senior Crown Counsel, Crown Advocate-General's Chambers, Valletta

**MOROCCO**

Mr. Abdeljalil KABBAJ, Director, Industrial Property Office, Casablanca

**NICARAGUA**

Mr. Julián BENDAÑA, Technical Assistance Coordination Office, Ministry of Economy, Managua

**PAKISTAN**

Mr. S. M. NASRULLAH, Registrar of Trade Marks, Karachi

**PERU**

Mr. Oscar HOLGUIN NUÑEZ DEL PRADO, Head, Industrial Property Division, Ministry of Public Works, Lima

**PHILIPPINES**

Mr. Tiburcio S. EVALLE, Director of Patents, Patent Office, Manila

**SINGAPORE**

Mr. KOH ENG TIAN, State Counsel, Attorney-General's Chambers, Singapore

**THAILAND**

Mr. Somgiat SITTHISIRI, Chief of Examination Section, Trade Marks Division, Ministry of Economic Affairs, Bangkok

**TRINIDAD AND TOBAGO**

Mr. Richard Alfred CRANE, Legal Department, Ministry of the Attorney-General, Port-of-Spain

**TUNISIA**

Mr. Mongi AZABOU, Head, Commercial Section, State Secretariat, Plan and National Economy, Tunis

**UGANDA**

Mr. G. S. LULE, Registrar of Trade Marks and Patents, Kampala

**UNITED ARAB REPUBLIC**

Mr. Mostafa MOHAMED EL DIFRAWY, Controller, Register of Commerce, Registration and Commercial Control Administration, Cairo

**URUGUAY**

Mr. Rubens Hector GARRIDO, Ministry of Industry and Labor, Montevideo

**II. OBSERVERS****(a) International Intergovernmental Organizations****UNITED NATIONS**

Mr. Henri CORNIL, Business and Trade Development Division, Economic Commission for Europe, Geneva

**AFRICAN AND MALAGASY INDUSTRIAL PROPERTY OFFICE (OAMPI)**

Mr. Germain DIENG, Head of the Trademarks and Designs Service, OAMPI, Yaoundé

**PERMANENT SECRETARIAT OF THE GENERAL TREATY FOR CENTRAL-AMERICAN ECONOMIC INTEGRATION (SIECA)**

Mr. Gautama Fonseca ZÚNIGO, Head of the Legal Section, SIECA, Guatemala

**(b) International Non-Governmental Organizations****INTER-AMERICAN ASSOCIATION OF INDUSTRIAL PROPERTY (ASIPI)**

Mr. Ernesto D. ARACAMA ZORRAQUÍN, President, ASIPI, Buenos Aires

**INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF INDUSTRIAL PROPERTY (IAPIP)**

Mr. Stephen P. LADAS, Treasurer of IAPIP, New York

**INTERNATIONAL CHAMBER OF COMMERCE (ICC)**

Mr. Stephen P. LADAS, Chairman of the Commission for Industrial Property, ICC, New York

Mr. Pierre Jean POINTET, Professor, Vice-Chairman of the International Commission for the Protection of Industrial Property, ICC, Zurich

Mr. Leslie A. ELLWOOD, Rapporteur of the International Commission for the Protection of Industrial Property, ICC, London

**INTERNATIONAL FEDERATION OF PATENT AGENTS (FICPI)**

Mr. R. JOURDAIN, President of FICPI, Paris

Mr. Eric H. WATERS, Attorney, New York

**INTERNATIONAL LEAGUE AGAINST UNFAIR COMPETITION (LICCD)**

Mr. H. DESBOIS, Professor, President of the LICCD, Paris

Mr. J. GUYET, Attorney, Geneva

**III. OFFICERS OF THE COMMITTEE**

Chairman: Mr. A. JOGARAO (India)

Vice-Chairman: Mr. Ato Assefa HABTU (Ethiopia)

Vice-Chairman: Mr. Oscar HOLGUIN NUÑEZ DEL PRADO (Peru)

**IV. BIRPI**

Professor G. H. C. BODENHAUSEN, Director

Mr. Ch.-L. MAGNIN, Deputy Director

Mr. G. R. WIPF, Counsellor

Miss G. DAVIES, Legal Assistant

