

WIPO



WKM/CE//2
ORIGINAL: English
DATE: July 18, 1995

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

COMMITTEE OF EXPERTS ON WELL-KNOWN MARKS

Geneva, November 13 to 16, 1995

PROTECTION OF WELL-KNOWN MARKS:
RESULTS OF THE STUDY BY THE INTERNATIONAL BUREAU
AND PROSPECTS FOR IMPROVEMENT OF THE EXISTING SITUATION

Memorandum prepared by the International Bureau

I. INTRODUCTION.....	3
II. RESULTS OF THE STUDY BY THE INTERNATIONAL BUREAU	4
A. GENERAL.....	4
B. CONTENTS AND SIGNIFICANCE OF ARTICLE 6 ^{BIS} OF THE PARIS CONVENTION.....	4
C. DEFINITION OF WELL-KNOWN MARKS	5
(a) <i>Quantitative Approach</i>	6
(b) <i>Qualitative Approach</i>	7
(c) <i>Combination of Approaches</i>	8
D. MORE EFFECTIVE PROTECTION OF WELL-KNOWN MARKS	8
(a) <i>Protection Against Use With Respect to Identical or Similar Goods or Services</i>	8
(aa) Well-Known Service Marks.....	8
(aaa) Problem.....	8
(bbb) Solution.....	8
(bb) Use of the Well-knownMark in the Country in Which Protection Is Sought.....	9
(aaa) Problem.....	9
(bbb) Solution.....	9
(b) <i>Protection Against Use With Respect to Dissimilar Goods or Services</i>	9
(aa) General.....	9
(bb) Famous Marks as a Special Category of Well-knownMarks.....	10
(cc) Special Conditions Under Which the Use of Well-Known Marks for Dissimilar Goods or Services Should Be Prohibited.....	10
(dd) Desirability of a Harmonized Approach.....	11
III. PROSPECTS FOR IMPROVEMENT OF THE EXISTING SITUATION: INTERNATIONAL REGISTER FOR WELL-KNOWN MARKS	11
ANNEX	

I. INTRODUCTION

1. The 1994-95 Program of WIPO (Item 04(3))(document AB/XXIV/2) provides for the following:

“Well-Known Marks

“The International Bureau will prepare, convene and service meetings of consultants to consider the criteria that should be applied to define what a well-known mark is (which, it is recalled, must be protected as provided in Article 6^{bis} of the Paris Convention for the Protection of Industrial Property), and what measures could be taken to make the protection of well-known marks more effective in the world.”

2. The draft 1996-97 Program of WIPO (Item 03(5))(document AB/XXIV/2) provides for the following:

“Well-Known and Famous Marks

“The International Bureau will study, with the help of a committee of experts meeting once in each year of the biennium, all questions of relevance to the correct application of Article 6^{bis} of the Paris Convention (e.g., whether that Article applies also where the well-known mark is not actually used in the country in which its protection is claimed). It will also study the conditions and scope of protection, in particular, in respect of famous marks, against dilution and/or undue exploitation of the goodwill acquired by such marks. Moreover, it will study the feasibility of setting up, under the aegis of WIPO, a voluntary international information network for the exchange of information among countries concerning marks that one or more of them considers to be well-known or famous.

“Any proposal for action, beyond the study, will be put before the General Assembly of WIPO.”

3. With reference to the program (respectively, draft program) items referred to (and pending a decision on the 1996-97 Program by WIPO's Governing Bodies in its session in September 1995), a committee of experts is convened in order to consider the results so far reached in the study of the International Bureau on the protection of well-known marks¹ and prospects for improvement of the existing situation.

¹ The expression “mark” covers both marks relating to goods (“trademarks”) and marks relating to services (“service marks”). However, Article 6^{bis} of the Paris Convention for the Protection of Industrial Property, which only applies to trademarks, partly uses the term “mark” in the sense of trademark (in those cases, the reason for not using the term “trademark” may be a purely linguistic one, mainly relating to the original French text of the Paris Convention); in any case, when analyzing Article 6^{bis}, this document uses the term “trademark” where only a trademark (and not also a service mark) is meant.

II. RESULTS OF THE STUDY BY THE INTERNATIONAL BUREAU

A. General

4. As mentioned in paragraph 1, above, the International Bureau has been entrusted with the task to study the criteria that should be applied to define what a well-known mark is and what measures could be taken to make the protection of well-known marks more effective in the world. Since international protection of well-known marks traditionally is based on Article 6^{bis} of the Paris Convention for the Protection of Industrial Property (hereinafter referred to as "the Paris Convention"), it is appropriate to first examine the contents and significance of that provision.

B. Contents and Significance of Article 6bis of the Paris Convention

5. Article 6^{bis} of the Paris Convention reads as follows:

“(1) The countries of the Union undertake, *ex officio* if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

“(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

“(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”

6. Article 6^{bis} is of importance for cases where a trademark in a given country does not--or does not yet--enjoy protection on the basis of a registration in that country or on the basis of an international or regional registration having effect in that country. Instead of registration, Article 6^{bis} takes into account that the trademark is well known in the country.

7. The application of Article 6^{bis} is not excluded if the trademark is registered in the country where protection is sought. However, protection according to Article 6^{bis} does not go beyond what normally is conferred by registration of a trademark, namely, protection against the registration or use of the same or a similar sign for the same or similar goods. Thus, if a trademark is registered in the country, there is normally no need to invoke Article 6^{bis}. An exception only applies if a trademark is registered but not--or not sufficiently--used in the

country, and there is no justification for the failure to use; in such a case Article 6^{bis} can be invoked to ensure protection for the trademark, provided it is well known in the country (as regards the question of whether a country may refuse applying Article 6^{bis} if the trademark is not used on its territory, see paragraphs 26 to 28, below).

8. The protection according to Article 6^{bis} may be limited in time under certain circumstances. The first sentence of paragraph (2) of Article 6^{bis}, which fixes a minimum time limit of five years for requesting the cancellation of the registration of the conflicting sign, has the consequence that a time limit may be set for such a request so that the owner of the well-known trademark, once he has tolerated the registration of the conflicting sign for more than five years (or any longer period fixed by the applicable national or regional law), can no longer obtain the cancellation of the registration of that sign. Moreover, regarding prohibition of use, the second sentence of paragraph (2) of Article 6^{bis} allows the applicable national or regional law to limit an action based on Article 6^{bis} (or on the national or regional law provision implementing Article 6^{bis}) by fixing a period within which action must be taken in order to prohibit the use of the conflicting sign. Article 6^{bis}(3) provides for an exception to the fixing of time limits in the case of marks registered or used in bad faith. These provisions of Article 6^{bis} show that relying on the fact that a trademark is well known implies, in addition to the burden of proof for that fact, certain risks for the trademark owner and that he is always well advised to seek protection of his trademark through registration as quickly as possible.

9. Therefore, typically Article 6^{bis} provides relief in the--exceptional--circumstances where the filing or priority date of the application filed by the trademark owner was later than the filing date or--where this is relevant under the applicable national or regional law--the date of commencement of use by the "infringer," in other words, where the trademark owner did not act fast enough in order to secure protection through registration. Another circumstance in which Article 6^{bis} provides for relief is the case where the trademark owner has filed an application but has not yet obtained the requested registration so that, without Article 6^{bis}, he would not yet be able to prohibit the use by an "infringer." Finally, Article 6^{bis} may be of importance where a registration has been obtained but the mark is not--or not sufficiently--used in the country in question (see paragraphs 26 to 28, below).

10. Reference to Article 6^{bis} is frequently made in connection with an entirely different problem of protection of marks, which--regrettably--is not solved by that Article but which typically concerns "well-known" marks, namely, the protection against the use of a well-known mark (or a "famous" mark) by an unauthorized person for dissimilar goods or services. This problem will be considered in a separate chapter of this document (see paragraphs 29 to 35, below).

C. Definition of Well-Known Marks

11. A basic question to be considered is the definition of well-known marks.

12. The trademark laws of many countries as well as the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "TRIPS Agreement") (in

its Article 16.2 and 3, reproduced in the Annex to this document) expressly refer to Article 6^{bis} of the Paris Convention. However, since the Paris Convention itself does not define the conditions under which a trademark is to be considered well known, considerable uncertainty exists as regards the circumstances under which a trademark owner can rely on Article 6^{bis} of the Paris Convention. It is to be noted, however, that Article 16.2 of the TRIPS Agreement requires Members of the World Trade Organization (WTO) (hereinafter referred to as "WTO Members"), when determining whether a trademark is well-known, to take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.²

13. The increasing importance of international trade and the need for effective protection of trademarks make it desirable to establish an internationally recognized definition of the term "well-known." Such a definition would be to the benefit of right owners as well as national and regional authorities, which would thus be given guidance for the application of Article 6^{bis}.

14. In establishing a definition of the term "well-known," several approaches appear to be possible.

(a) Quantitative Approach

15. When examining the question of whether a given mark³ can be considered to be well known or not, an important factor is the extent to which the public in the country in which protection is sought has knowledge of the mark. This would be a quantitative approach. However, since each mark normally is addressed to a specific group of potential customers and traders, it would be necessary to define the relevant sector of the public to which the mark has to be well known. This approach has been chosen, for example, by Article 16.2 of the TRIPS Agreement, which stipulates that "in determining whether a mark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark."

² Normally, the question of how to determine whether a mark is well known is not addressed by legislative provisions but is left to the industrial property office and the courts. An exception to this is Section 84 of Decision No. 344 - Common Provisions on Industrial Property - of the Cartagena Agreement (of October 21, 1993), which reads as follows:

"In order to establish whether a mark is well known, due account shall be taken, in particular, of the following criteria:

- (a) the extent to which it is known to the consuming public as the distinguishing mark of the goods or services for which it was granted registration;
- (b) the scale and scope of the dissemination and advertising or promotion of the mark;
- (c) the age of the mark and the constancy of its use;
- (d) analysis of the production and marketing of the goods identified by the mark."

³ The term "mark" is from now on generally used because the considerations that follow also concern service marks.

16. In order to apply the quantitative approach, two parameters must be defined: first, the sector of the public which is relevant; second, the portion of that sector to which the mark must be well known. For the first parameter, account must be taken of the nature of the goods or services to which the mark applies. For example, the relevant sector of a mark for luxury goods is different from the relevant sector of a mark for articles of daily use (for example, washing powder). For the second parameter, a criterion must be established concerning the required percentage (e.g., half or three quarters) of the relevant sector. In addition to those parameters, a method of evidence has to be established. Typically, market surveys would serve this purpose.

(b) Qualitative Approach

17. A qualitative approach can be established by taking into account the financial value of a mark.

18. It has always been standard accounting practice not to ascribe any value to marks in the balance sheets of corporations and, if marks are mentioned there at all, such mention typically is with a nil value. Likewise, when a corporation acquires another one, the purchase price usually includes a sum for goodwill and, in the case of companies owning a large number of marks, this sum can be more important than the other assets, although, traditionally, the said sum will be immediately written off once the acquisition is completed.

19. It is only recently that this practice of not valuing intellectual property rights, in particular, marks, has been questioned and that some corporations have given value to marks and put an appropriate sum in the balance sheet. The explanations for doing so have included a desire to provide some additional and visible shareholder value in order to prevent the unwelcome attention of, or a takeover by, other "predator" corporations.

20. The need to give a fair market value to a corporation's marks has given rise to the development of a number of methods for establishing their financial value. At least three different methodologies have proved to be acceptable both to accountants and to businessmen, of which the last, i.e. the income methodology, is probably the one that appears to be preferred in this area.

(aa) The *cost methodology* attempts to measure how much it would cost, over a period of time, to create a product, to market it, and to advertise it if it is to achieve a certain market penetration or recognition. But it is probably true to say that it is far easier to estimate such costs for a new product than for an already established product. Estimating past costs, in particular, over a substantial period of time, cannot be very accurate, and this method, in most cases, can only provide a rather rough check on value.

(bb) The *market methodology* measures what a mark might be worth in the future by comparing it to what others have done in the same field already. But this approach requires there to be some precisely comparable properties, and this is not always possible. In any case it is never easy to uncover details of the sales of a competing product.

(cc) The *income methodology* measures the income which a mark can presently generate with an assumption as to how long it will continue to do so and the risks associated therewith. This methodology is probably easier to apply than the others referred to above.

21. The above is only a rough summary, and different methodologies for valuation are likely to suit different products, different markets, and in different circumstances. The important point is to note that methods do exist for valuing marks, and that marks can be given a specific value.

(c) Combination of Approaches

22. It appears that the definition to be established could consist of a combination of several approaches, for example, in the form that a mark is to be considered well known if it fulfills entirely the required quantitative conditions or if it meets the quantitative conditions and the qualitative conditions to a certain extent.

D. More Effective Protection of Well-Known Marks

23. The second question to be studied concerns the possibility of providing more effective protection of well-known marks. In this connection, a distinction is to be made between the case regulated by Article 6^{bis} of the Paris Convention (i.e., protection against use for identical or similar goods) and the case of protection against use for dissimilar goods or services.

(a) Protection Against Use With Respect to Identical or Similar Goods or Services

(aa) Well-Known Service Marks

(aaa) Problem

24. A long-standing problem with regard to the interpretation of Article 6^{bis} is that the Paris Convention does not oblige its member States to apply this provision to service marks.

(bbb) Solution

25. This deficiency has been remedied through the conclusion of the TLT, Article 16 of which provides that the Contracting Parties of the TLT have to apply all provisions of the Paris Convention which concern trademarks to service marks. This problem is also solved by Article 16.2 of the TRIPS Agreement (reproduced in the Annex), under which Members of the said Agreement are obliged to apply Article 6^{bis} of the Paris Convention to service marks.

(bb) Use of the Well-knownMark in the Country in Which Protection Is Sought

(aaa) Problem

26. The discussion of the question whether or not use of the mark in the country of protection may be required for the protection provided by Article 6^{bis} is as old as the provision itself. Article 6^{bis} does not contain an express condition to the effect that the use of a mark is not a prerequisite to the application of this provision. Therefore, it has been argued that the countries party to the Paris Convention were free not to protect well-known marks which had not been used on their territory. For this reason, the Lisbon Revision Conference of 1958 attempted to add a sentence to paragraph (1) of Article 6^{bis} in order to clarify that the application of the said provision was independent of the actual use of the mark in a country. However this proposal did not obtain the--then--required unanimity for its adoption.

(bbb) Solution

27. Article 6^{bis}, in contrast to Article 5C(1) of the Paris Convention with regard to registered marks, does not mention any use requirement with respect to well-known marks. According to the principles governing protection against unfair competition, marks are to be protected against confusion (passing off) on the basis of their use and the goodwill established through use. Article 10^{bis} of the Paris Convention establishes the basis for such protection. In order to make Article 6^{bis} meaningful, it should be interpreted to the effect that it does not allow Paris Union member States to require that the mark be actually used in the country in which its protection as a well-known mark is invoked. Otherwise Article 6^{bis} would only repeat an obligation already existing under Article 10^{bis}.

28. Moreover, it would seem to be illogical to allow to require use in the country of protection for well-known marks, whereas registered marks during an initial period (which must be "reasonable" according to Article 5C(1) of the Paris Convention) in a great number of countries enjoy protection without use. A certain parallelism may be seen in the fact that, on the one hand, a registered mark may lose its protection after a certain period of time because of failure to use and, on the other, a well-known mark may lose protection because of time limits which national laws may fix according to Article 6^{bis} of the Paris Convention (see paragraph 8, above). The said time limits are the only limitation provided for in Article 6^{bis}. If use could be required as a condition of protection, this would have had to be expressly mentioned in the said Article.

(b) Protection Against Use With Respect to Dissimilar Goods or Services

(aa) General

29. Article 6^{bis} does not protect well-known marks against unauthorized use with respect to dissimilar goods or services. Therefore, owners of well-known marks find themselves often without sufficient protection against such unauthorized use.

30. As regards the protection of well-known marks for dissimilar goods or services, two possible approaches can be distinguished, namely, protection on the basis of defining a special category of well-known marks and protection on the basis of special conditions under which the use of a well-known mark (or even a mark which is not well-known but has a certain reputation) with respect to dissimilar goods or services should be prohibited.

(bb) Famous Marks as a Special Category of Well-known Marks

31. It has often been argued that a special category of well-known marks deserve protection against use with respect to dissimilar goods or services, and that such special category would be characterized by a degree of notoriety which is higher than "well-known." Different expressions have been used for the said special category of well-known marks, such as "exceptionally well-known marks" (in the earlier drafts for the TLT) or "famous marks," "marks of high reputation" or "highly renowned marks." Such expressions, of course, require definition. In this respect, the approaches outlined with respect to the definition of well-known marks (see paragraphs 15 to 22, above) may be helpful, provided that the special category requires a degree of notoriety, value or reputation which is higher than in the case of a mark which is merely "well-known."

(cc) Special Conditions Under Which the Use of Well-Known Marks for Dissimilar Goods or Services Should Be Prohibited

32. Under this approach, certain conditions in the presence of which the use of a well-known mark with respect to dissimilar goods or services is to be prohibited would be defined. This solution has been chosen by the TRIPS Agreement, which states in its Article 16.3 that Article 6^{bis} of the Paris Convention shall apply *mutatis mutandis* to the use of the mark with respect to dissimilar goods or services, provided that such use "would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use." It is to be noted that Article 16.3 of the TRIPS Agreement requires registration of the mark, whereas such a requirement is not always applied so that the protection of well-known marks for dissimilar goods or services may in some countries be obtained regardless of whether the mark has been registered or not.⁴

33. The First Council Directive of the European Communities of December 21, 1988, for the harmonization of trademark laws (Article 4(4)(a)) leaves an option to the member States of the European Communities to refuse registration of a mark which is identical with or similar to an earlier mark "which has a reputation" even if the registration is sought for dissimilar goods or services if the use of the later mark "without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute" of the earlier mark. This standard has been adopted, for example, in the new trademark laws of the United Kingdom and Germany. It is also contained in Article 8(5) of the Council Regulation of the European Communities of December 20, 1993, on the Community Trademark. The second

⁴ See, for example, Sections 4 and 14(2)3 of the German Trademark Law of October 25, 1994.

condition (detrimental to the distinctive character or the repute) is frequently referred to as a “dilution” of the mark.

34. It is to be noted that the EC Directive and Regulation do not use the criterion of “well-known marks” but rather contain the condition that the mark, in order to enjoy the extended protection, must “have a reputation.” On the other hand, Article 16.3 of the TRIPS Agreement requires that the mark be well-known. Moreover, whereas the TRIPS Agreement requires that use of the mark in relation to dissimilar goods or services indicate a connection between those goods or services and the owner of the registered trademark, and that the interests of the owner of the registered trademark be likely to be damaged by such use, the EC Directive and Regulation refer to two cases in which the extended protection is justified, namely, the taking of unfair advantage of the distinctive character or the repute of the earlier mark, and the causing of detriment to the distinctive character or the repute of the earlier mark.

(dd) Desirability of a Harmonized Approach

35. In view of the existing divergencies with respect to the extended protection of marks in cases of unauthorized use for dissimilar goods or services, it appears to be desirable to establish guidelines for the extended protection, which would be compatible with Article 16.3 of the TRIPS Agreement and would help in the interpretation of that provision by clarifying a number of questions. These questions include, in particular, the following:

- Should the extended protection be available only for well-known marks, or should it be available also for marks which, irrespective of whether they are well-known, have a reputation?
- Should registration of the mark be a condition for the extended protection?
- Should the extended protection be available only in the cases where the use of dissimilar goods or services takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier mark, or also in other cases?

III. PROSPECTS FOR IMPROVEMENT OF THE EXISTING SITUATION:
INTERNATIONAL REGISTER FOR WELL-KNOWN MARKS

36. National trademark Offices are often confronted with the problem that so-called “trademark pirates” apply for the registration of marks ahead in time of the true owners. This is a typical case of application of Article 6^{bis} of the Paris Convention: the mark is well known, but the identity of its owner is not sufficiently known. When determining whether an application for a given mark originates from the true owner or is an act of piracy, the competent administrations often lack the necessary information.

37. Some countries seem to endeavor to overcome this problem through the establishment of lists of marks which are considered to be well known. Important questions here are whether

the lists indicate *in which country or countries* a particular mark is well known, and what the basis of such information is (a mere claim by the owner or statement by an association or a government agency).

38. In order to increase the availability of information relevant for the protection of well-known marks, it could be considered either to set up an international system administered by WIPO for the exchange of lists of well-known marks communicated to WIPO by governments and covering the situation in one or several countries, or to establish an international register with WIPO containing such information, in which well-known marks would be registered with an indication in which country or countries they are well known on the basis of an application by the government of an "interested" country. A country would be "interested" if the mark is well known on its territory or if the owner of the well-known mark is established on its territory. In addition, it could be considered to allow owners of marks to directly file with WIPO an application for registering a mark as claimed to be well known, and such registration could be effected in a special part of the WIPO register.

39. It should be understood that registration of a well-known mark in such an international register, whatever is its basis, would be without any legal effect. This registration merely would help to establish evidence that a given mark is well known, but any legal effect would depend on proof before the competent authorities of the country in which protection for a well-known mark is requested that the mark in effect is well known there.

40. In this context, the following questions seem to need further consideration:

(a) Should an international registration be effected on the basis of lists of well-known marks established by the government of the country in which the owner of the mark is established or of the country in which the mark is considered as well known, or both? What should be done in the case of conflicting information?

(b) Should an international registration be effected (also) on application by the owner of the mark?

(c) Should the registration indicate the goods or services for which it is made and, in addition, designate the relevant classes of the International (Nice) Classification?

(d) Should the registration indicate the time since when the mark is well known?

(e) In which form, and with which periodicity, should the contents of the International Register be published?

41. The Committee of Experts is invited to express its view as regards the desirability of further studying any of the questions outlined in this memorandum, as well as any additional question concerning the protection of well-known marks.

[Annex follows]

ANNEX

Article 16
of The TRIPS Agreement

Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.
2. Article 6*bis* of the Paris Convention (1967)¹ shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.
3. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

[End of Annex and of document]

¹ See paragraph 5 (on page 4) of this document, where the text of Article 6^{bis} of the Paris Convention is reproduced.