Question Q 151: The influence of advertising restrictions on trademarks

Mr. KUNZE (Switzerland), Executive Vice President, opens the session and introduces Mr. HUYDECOPER (The Netherlands), chairman of the Working Committee Q 151.

Mr. SZLEPER (France), Assistant to the Reporter General, introduces the subject. He refers to the Working Guidelines and to the EU regulation which is in the process of being completed. In particular, he emphasizes the importance of the question for legislation on advertising and he points out that the consequences of restrictions have to be studied further. One of the key issues is that the use of trademarks could be considered as indirect advertisement and could therefore be restricted whereas on the other hand trademark law requires the use of a trademark to keep up protection.

Mr. SZLEPER addresses various points in the summary reports. First of all, none of the measures dealing with advertisement should have any influence on the registration proceedings for a respective trademark. Also, the validity of a trademark cannot be contested on the basis of advertising measures. In general, various aspects of indirect advertisement should be reexamined.

Mr. HUYDECOPER points out that various aspects had been discussed in the committee which are not reflected in the draft resolution. These concern mainly whether advertising restrictions should be largely permissible or generally be received. One also needs to consider Art. 15 TRIPS which deals with the requirements for trademarks. One problem which might arise is that the protection of a trademark may depend on the level of distinctiveness or notoriety. If there are restrictions for use so that the use is made more difficult, this might lead to a loss of distinctiveness, or even cause the trademark to lapse. This debate is reflected in Sec. 2 of the draft resolution in a proviso that restrictions may not be unfair or disproportionate. The problem of indirect advertisement comes up when a trademark is used for completely different goods, e.g. when a trademark registered for cigarettes is used for transportation services when displayed on a bus. In these cases, restrictions of indirect advertisement, although they may be justifiable, should not apply to the use of the trademark for other goods (in this case the transportation services), if such use is not intended to advertise the original goods (cigarettes) or does not lead to this advertisement.

Mr. KUNZE introduces the first paragraph of the draft resolution and invites the delegates to comment on it.

Mr. FARIA CORREA (Brazil), observes that paragraph 2 is linked to paragraph 1 and that AIPPI should be dealing with the effect of restrictions on trademarks.

Mr. HUYDECOPER points out that it is important to form a basis for the opinion on trademarks.
Mr. SZLEPER reflects on the Group reports which state that advertising restrictions should have an effect on the use of a trademark and not on its registration.

Mr. GÖDÖLLE (Hungary) proposes a more general wording in paragraph 1. The words "the safety or the social desirability of" should be replaced by "the safety of or social policy relating to". Also, the half sentence starting with "rather than concerns" should be omitted.

Mr. HUYDECOPER supports the first amendment suggested by Mr. GÖDÖLLE and suggests to vote on the second amendment.

Mr. KUNZE puts the amendment to a vote to leave out the words "rather than ... relevant (products or) services." This amendment is rejected by a large majority with 4 votes in favour.

Mr. KUNZE then puts the whole paragraph 1 to a vote. This paragraph is carried unanimously. Mr. KUNZE moves to paragraph 2.

Mr. OTAMENDI (Argentina) observes that this paragraph is the most important paragraph of the whole resolution. He proposes to amend the second sentence by inserting a further limitation for advertising restrictions. Namely, there should be no restriction with regard to other classes of goods. Paragraph 7 of the resolution should be implemented into paragraph 2.

Mr. KUNZE states that the observation of Mr. OTAMENDI will be considered in discussing paragraph 3.

Ms. DAGG (Great Britain) observes that the second and the third sentence are resolutions rather than recitals. She suggests that they should be embodied in the resolution either before or after paragraph 7. She also proposes to delete the words "rules to similar effect allowing for" so that the third sentence reads "There should be no ... of trademarks as such or revocation of trademarks ... TRIPS Agreement."

Mr. FARIA CORREA agrees with the British Group and suggests the deletion of the first sentence.

Mr. SZLEPER objects to the deletion and points out that the motives of restrictions have to be recognized.

Mr. Luiz LEONARDOS (Brazil) supports both amendments and suggests incorporating the second sentence into the first sentence and referring to Art. 7 of the Paris Convention wherever that sentence is inserted.

Mr. KROHER (Germany) suggests accommodating the British Group by redrafting the sentences so that they read "Art. 20 of TRIPS provides that ..." and "Art. 6quinques B of the Paris Convention and Art. 15 par. 4 of TRIPS provide that ..".

Since the British Group agrees, Mr. KUNZE puts to a vote the amendment to delete the first sentence. This proposal is rejected by a vast majority with 8 votes in favour. It is then
unanimously adopted to change the wording of the following sentences to form them into a statement as suggested by Mr. KROHER.

With regard to paragraph, 3 Ms. DAGG suggests making the first sentence clearer as a definition for indirect advertising by inserting "inverted commas" and deleting the subsequent sentence.

Mr. FREISCHEN (Germany) suggests replacing the word "via" by "that is".

Mr. HUYDECOPER states that this could be reconciled as a matter of drafting.

Mr. FARRIA CORREA expresses concern that the second sentence is very risky. It is difficult to establish limits because this might interfere with the free use of a trademark. It would also be difficult to establish boundaries, since the use of a trademark relating to certain products is different from the use for other products.

Mr. LARET (The Netherlands) states that AIPPI should come to a resolution which limits the use of a trademark as little as possible and which does not relate to the use as such.

Mr. KUNZE puts to a vote the British proposal to keep only the first sentence with editorial changes for the definition. This proposal is adopted almost unanimously with one abstention.

Regarding paragraph 4, Mr. GÖDÖLLE observes that the second sentence contains two statements. He agrees with the first one; however, he finds the second statement too broad. Courts might take into consideration this restriction.

A member of the Argentinian Group states that the examples in the second sentence are incomplete. A reference to the preservation of law needs to be implemented with regard to the maintenance of a trademark.

Mr. KUNZE suggests that this might be a drafting point.

Mr. HUYDECOPER reminds the plenum that the result of the discussions in the Working Committee was to establish a balance between having enough room for the use of a trademark and creating restrictions that are proportionate and reasonable.

Mr. SZLEPER states that the sentence represents the views of the Groups that advertising restrictions should not lead to a restriction of distinctiveness.

Mr. GAULTIER (France) notes that paragraph 4 in particular needs to stay in the resolution if the minutes of the sessions are not going to be published any more in the future.

Mr. Gustavo LEONARDOS (Brazil) suggests that one should deal with this problem in paragraph 6 and add an extra sentence there.

Mr. KUNZE puts the paragraph to a vote as it stands. This is unanimously adopted.
Regarding paragraph 5, Mr. FARRIA CORREA states that Art. 7 of the Paris Convention and Art. 15 (4) of TRIPS should be included in order to keep the resolution consistent.

Ms. DAGG suggests deleting the words "so-called" because of the definition in paragraph 4.

Mr. KUNZE points out that this is a mere drafting point and that Mr. CORREO's observation could be accommodated by starting with the words "According to Art. 7 Paris Convention and Art. 15 (4) TRIPS".

Mr. KROHER objects to having recitals in the resolution and is therefore against Mr. KUNZE's proposal.

Mr. SZLEPER states that AIPPI gives an interpretation of the Paris Convention and expresses an opinion and that this is the purpose of a resolution.

Mr. DARUWALLA (India) points out that TRIPS was already mentioned earlier in paragraph 2.

Mr. KUNZE puts the paragraph to a vote. The paragraph is carried almost unanimously with one abstention.

With regard to paragraph 6, Mr. HUYDECOPER announces that the words "so-called" will also be deleted.

Mr. SZLEPER observes that there was total unanimity within the Groups with regard to the issue in this paragraph.

Mr. Gustavo LEONARDOS suggests adding to the paragraph the wording

"A total or partial ban on advertising applicable to certain products or services may constitute a justified reason for the non-use of the trademark under Art. 5bis Paris Convention."

This should be decided on a case-to-case basis.

Mr. HUYDECOPER states that paragraph 6 deals with the revocation of a trademark and that the proposal belongs in paragraph 8. He also observes that the Working Committee did not feel comfortable expressing this opinion and that the resolution should be silent on this issue.

Mr. G. LEONARDOS responds that one would not want to find a different application of the law and that the law has to be applied in the same way in different cases.

Mr. KUNZE defers this question to the discussion on paragraph 8.

Mr. Luis LEONARDOS asks what is meant by "revocation" in the sense of paragraph 6.
Mr. HUYDECOPER makes clear that it also comprises, among others, the loss of a trademark because of non-use which is expressed by the wording "under whatever title" which distinguishes it from paragraph 8.

Mr. ABNETT (Great Britain) clarifies that the word "title" is meant as "name".

Mr. DANNEMANN (Brazil) suggests adding the word "nullity" in line with the German text of the resolution. Mr. KUNZE sees this as a drafting point.

Mr. G. LEONARDOS suggests replacing the word "independent" with "justified" in order to be in line with the text of the Paris Convention.

Mr. KUNZE states that the term "independent" goes further and means "no ground whatsoever" whereas "justified" would be limited. An independent new ground is something different than a justified ground.

Mr. G. LEONARDOS withdraws his proposal.

A member of the Estonian Group suggests leaving out the word "independent" completely. Mr. HUYDECOPER states that this term makes the sentence clearer.

Mr. KUNZE puts the paragraph to a vote as it stands. It is carried with a very large majority.

With regard to paragraph 7, Mr. HEINONEN (Finland) observes that AIPPI should protect the users acting bona fide. There is no objective reason for restrictions unless there is a link between the owner of the trademark for tobacco and the third party owner. He suggests deleting the words "or the substantial effect".

Mr. DARUWALLA indicates that there are strict restrictions in India and that people try to get around it. He therefore questions the meaning of the third sentence.

Mr HUYDECOPER explains that the final sentence expresses the compromise of the Working Committee with regard to the restriction of advertising other products. He states that there is a fine line which will leave a lot of detailed work to courts to clarify. In his opinion, there is almost always a link between the restricted goods and the goods of the third party so that the "bona fide use" of a party is a very remote case.

Mr. HEINONEN replies that there have been court cases in this respect. He suggests adding the words "nor to a bona fide use of a third party".

Mr. SACOFF (USA) suggests some drafting amendments. In the first sentence one should speak of "collateral goods and services different from those at which". In the second sentence the word "restrictions" should be replaced by "advertising goods". In the fourth line the words "uses of a trademark" should be replaced by "uncollateral goods".

Mr. KUNZE mentions that these drafting points will be considered in connection with paragraph 3.
Mr. BRAUN (Belgium) observes that there is a double negation in the third sentence which should be transformed into a positive statement.

Mr. KUNZE objects to this proposal since the resolution does not speak in favour of restrictions.

Mr. GAULTIER supports Mr. BRAUN's proposal because the double negation might be misleading to the reader. A positive statement would be clearer.

Mr. FRITZE (Germany) questions the use of the word "collateral" since this might be too limiting.

The Swiss Group proposes using the words "primary", "principal" or "predominant" instead of "substantial".

Mr. PELLEGRINO (Italy) suggests deleting the words "the clear intention".

Mr. HUYDECOPER reemphasizes that the wording was discussed in the Working Committee and that, as a compromise, only the clear intention should be included.

Mr. KUNZE puts to a vote the various amendments suggested. First, the addition of the words "and should not be extended to bona fide third users" is adopted by a great majority. Secondly, the deletion of the words "clear intention" is rejected by a clear majority. The proposal to replace the word "substantial" by "predominant" is rejected. Finally, the paragraph as a whole is carried by a vast majority with one vote against.

With regard to paragraph 8, Mr. KUNZE mentions the Brazilian proposal brought up by Mr. G. LEONARDOS earlier.

Mr. LARET mentions that advertising restrictions should never preclude the use of a trademark as such in relation to certain goods. Mr. HUYDECOPER comments that this issue has been reflected in paragraph 7.

Mr. KUNZE puts the Brazilian proposal to a vote. The motion is carried with 15 votes against.

The paragraph as a whole is also carried by a great majority.

Mr. KUNZE then puts paragraph 9 to a vote, since no delegate wishes to comment on this paragraph. It is carried with a great majority.

Finally, the resolution as a whole is put to a vote. The resolution is adopted unanimously.

Mr. KUNZE expresses his thanks to the Working Committee and the participants in the meeting and closes the session.