

AIPPI
Question 214
Protection Against the Dilution of a Mark

National Group: The Egyptian National Group (AEPPI)

Contributors: Ahmed G. Abou Ali and Gamal A. Abou Ali

Representative within Working Committee: Ahmed G. Abou Ali

Date: March 21, 2010

Questions

I. Analysis of current law and case law

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Egyptian Intellectual Property Law No. 82 of 2002 ("IP Law") does not provide general protection against dilution of a trademark. It only provides protection against dilution in the situation where the trademark is well-known and certain conditions are met. This provision is found in Article 68(3) of IP Law which has been adopted to comply with Article 16(3) of TRIPS Agreement ("TRIPS"). Apart from the provision of Article 68(3), holders of trademarks that are not well-known are granted the protection afforded against infringement of trademarks.

Article 68(3) of IP Law states that: "*The preceding provision [Article 68(2)] shall apply to applications for products which are not identical with those of the well-known mark, where the well-known mark is registered in a country member of the World Trade Organization and in Egypt, and where the use of the mark in relation to those non-identical products will lead people to believe that a link exists between the owner of the well-known mark and those products, and that such a use may cause damage to the owner of the well-known mark.*"

Article 68(2) states that: "*The Trademark Office shall, ex officio, reject any application to register any mark which is identical with a well-known mark and is intended for products which are identical with those of the well-known mark, unless the application is submitted by the owner of the well-known mark.*"

2. Is there a legal definition of dilution in your legislation or case law?

There is no legal definition of dilution in Egyptian law. It is a factual matter that is left for the courts to determine on a case-by-case basis. However, the parameters set by

Article 68(3) will guide the courts. These are appearance of a link that exists between the owner of the well-known mark and those products, and that such a use may cause damage to the owner of the well-known mark.

3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

Only well-known trademarks which are registered in a country member of the WTO and in Egypt are afforded protection against dilution.

3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

IP Law speaks of well-known trademarks without further detail, regardless of whether they are inherently distinctive or have acquired distinctiveness through use.

3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well-known or famous? For what point in time does this have to be assessed?

Yes. A trademark must be well-known to be eligible for protection against dilution. IP Law does not define a well-known trademark and has left the matter for the jurisprudence and the courts. Although there is no established definition for "well-known", it is agreed that a mark must be internationally recognized by the majority of the intended/relevant public. Indeed, many of the factors mentioned in paragraph 15 and 22 are to be taken into consideration by the Trademark Office and by the courts when determining whether a trademark is well-known.

3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

To be eligible for protection, the mark must be well-known both in Egypt and internationally, and must reach a certain level of knowledge and recognition. However, and to date, there is no clear cut answer to what the threshold is.

3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the

relevant sector of public? Is recognition or fame in a limited product market ("niche market") sufficient?

Not available to date.

3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

To be eligible for protection, the well-known mark must be registered in a country member of the WTO and in Egypt.

3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

In addition to registration in a country member of the WTO and in Egypt, (i) the use of the well-known mark must lead people to believe that a link exists between the owner of the well-known mark and those products, and (ii) such a use may be prejudicial to the interests of the owner of the well-known mark.

3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

It is an issue of fact. The claimant (holder of the rights to the well-known mark) bears the burden of proof regarding eligibility. Data not available to date as to how can one prove that a mark meets the eligibility criteria.

3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

There is no registry of eligible marks in Egypt.

4. Does your law require the existence of a "mental association" or "link" between the earlier trademark and the later trademark? If so, in which circumstances does a "mental association" or "link" between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a "mental association" or "link"? Are there other factors to take into account? Is the assessment of a link question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

There must be a mental association between the well-known mark and the later mark. In order to qualify for protection, it must be established that the public will be led to believe that a link exists between the well-known mark and the later mark. To establish that belief by the public, the Trademark Office and the courts may examine and take into consideration the factors mentioned in paragraph 27 and 28.

- 5. Does such "mental association" or "link" between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a "mental association" or "link"?**

A detriment has to be proved in addition to the existence of a mental association. Article 68(3) of IP Law states, in part, that: "... *and that such a use may cause damage to the owner of the well-known mark.*"

- 6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?**

Data not available to date.

- 7. Must actual dilution be proved or is showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?**

The language of Article 68(3) is clear in that it requires the claimant to prove actual dilution; with dilution meaning that the use of the later trademark will cause the people to believe there is a link between the owner of the well-known mark and the later trademark. In addition, such use must cause damages to the owner of the registered trademark. It seems that damage can only result if there is actual change in the economic behaviour of the average consumer. Meaning that damage will result from less demand by consumers.

- 8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object**
- **To the registration of a later trademark?**
 - **To the actual use of a later trademark?**
 - **In respect of dissimilar goods only or also in respect of similar goods?**

The Trademark Office must, ex officio, " *reject any application to register any mark which is identical with a well-known mark*", if the requirements set forth in Article 68(3) are met. IP Law allows the owner of the well-known trademark to object to the registration of the later trademark. However, IP Law is silent on whether the owner of the well-known mark may object to the actual use of the later trademark. In this event, the owner may use legal remedies available in law such as torts.

For objections based on dilution in accordance with Article 68(3), it can be in respect to both dissimilar goods and similar goods as long as the later trademark will result in the "link" and "detriment".

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

The owner of the well-known mark may file a cancellation action with the Trademark Office for the cancellation of registration of the later trademark within 60 days from the publication date.

IP Law does not provide for injunctive relief or preliminary injunctive relief in the case of trademark dilution.

The Trademark Office must, ex officio, refuse the registration of the later trademark if the requirements of Article 68(3) are met.

II. Proposals for adoption of uniform rules

1. Which trademarks should be eligible for protection against dilution? What should the eligibility be? Should recognition or fame in a limited product market ("niche market") be sufficient?

Only registered well-known or famous trademarks should be eligible for protection against dilution. This is to ensure that the right for protection against dilution is not to be misused by trademark owners.

Recognition or fame in a limited product market ("niche market") should not be sufficient. Niche markets are, by nature, limited in the number of products/services and the number of consumers. The more limited a market is, the more difficult it is for the trademark owner to establish dilution or be entitled to extended protection.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

Yes, at least an application for the registration of the mark must be file to be eligible for protection in addition to the well-known mark being used in the country. It seems

improbable that a mark that has not been applied for its registration and is not being used in the country to reach the status of a well-known mark in that country. This could be replaced by having a registry of eligible marks as discussed in no. 3 below.

3. Should there be a registry of eligible marks? If so, what should the evidentiary value or registration be? Should it be possible to challenge it in litigation?

Yes, there should be a registry of eligible marks whereby holders of possible well-known marks apply for registration and a committee is formed to make that determination and possibly making a survey within the relevant market sector.

4. Should the existence of a "mental association" or "link" between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

Yes, "link" should be an independent requirement. Detriment and link are not the same. The later trademark could cause damages to the owner of the well-known mark without having a "mental association" or "link" established. Conversely, the "mental association" between the later trademark and the well-known mark could exist without resulting in damages to the owner of the well-known mark. In most cases, both will be present simultaneously.

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

The holder of a well-known mark should prove a change in the economic behaviour of the average consumer. Merely proving that such a change is likely may result in the abuse of using well-known marks. This is particularly in jurisdictions where there is no definition for well-known trademarks.

6. What should the remedies be for dilution of a mark?

The owner of a well-known mark that has been diluted by a later trademark should be able to:

- 1) Oppose the registration of the later trademark;
- 2) Cancel the registration of the later trademark if the cancellation action is filed within a reasonable time (that should be determined by national laws);
- 3) Seek compensation from the owner of the later trademark if actual damages that are directly attributable to the later trademark could be established by the owner of the well-known mark; and
- 4) If bad faith can be established by the courts, it could be empowered to impose penalties on the owner of the later trademark.

Summary

1. Egyptian IP Law Article 68(3) provides protection against trademark dilution only with respect to well-known trademarks where certain conditions are met. Said Article follows the provision of Article 16(3) of TRIPS.
2. Article 68(3) provides that Trademark Office shall reject any application to register any mark for products which are not identical with those of the well-known mark, where the well-known mark is registered in a country member of the World Trade Organization and in Egypt, and where the use of the mark in relation to those non-identical products will lead people to believe that a link exists between the owner of the well-known mark and those products, and that such a use may cause damage to the owner of the well-known mark.
3. Article 68(3) entails the following: (1) IP Law does not define a well-known mark. It is left for the courts and jurisprudence. (2) There is no registry of eligible marks in Egypt. (3) A detriment has to be proved in addition to the existence of a mental association.
4. Available remedies: (1) Refusal of registration by the Trademark Office. (2) Objection to the registration of the later mark by the owner of the well-known mark. (3) Owner can file a civil claim against the later mark.
5. National group proposals: (1) Only registered well-known marks should be eligible for protection against dilution. (2) Recognition or fame in a limited product market ("niche market") should not be sufficient. (3) There should be a registry of eligible marks whereby holders of possible well-known marks apply for registration and a committee is formed to make that determination.