

Resolution

Question Q195

Limitations of Trademark Rights

AIPPI

Noting that:

- a) The Resolutions previously adopted on questions Q140, Q155, Q156, Q187, Q188 and Q192 addressed various issues concerning limitations of trademark rights, in particular comparative advertising, international exhaustion of trademark rights, limitations on trademark rights by competition law, conflicts between trademarks and company and business names, conflicts between trademark protection and freedom of expression and acquiescence of trademark rights.
- b) Additional limitations of trademark rights may be admitted under other circumstances, in particular when a third party uses a sign that consists of or contains elements that are in the public domain, namely, signs which are the usual designation of goods or services in respect of which the trademark is registered or which are descriptive thereof, and that, therefore, may be freely used by all, including as part of complex or graphic trademarks.
- c) Further limitations of trademark rights may be admitted to allow the use in the course of trade of one's genuine name or to acknowledge prior rights deriving from prior use of the trademark by a third party.

Considering that:

- a) Limitations of trademark rights should serve the purpose of equitably balancing the rights of the trademark owner and the rights and interests of third parties, the latter including both competitors (who, in the course of trade, need to identify, describe or refer to their goods or services) and consumers (who should receive accurate information on the goods or services and should not be led to confusion or deceived as to the kind, quality, origin or other characteristics of the goods or services).
- b) There is broad consensus in that limitations of trademark rights may be admissible when another's trademark is used in the course of trade by a third party in order to indicate kind, quality, intended purpose, value, geographical origin, time of production/rendering or other characteristics of the goods or the services of said third party, as well as to indicate compatibility of the third party's goods or services with those of the trademark owner.
- c) There is also consensus in that limitations of trademark rights may also apply to situations where an individual uses its genuine name in the course of trade. General principles applicable to settlement of conflicts between trademarks usually apply to disputes arising from the use of a company or business name.
- d) A prior user right or prior user defence is generally recognized as a limitation to the trademark owner's rights.

- e) There is wide agreement in that the above limitations of trademark rights are admissible only under specific conditions, namely, depending on the country, when the use is in accordance with honest and fair commercial practices, when it does not amount to unfair competition, when it does not result in confusion among consumers, when it is not detrimental to the trademark owner business and does not unduly exploit the reputation of the trademark.
- f) There remains a lack of consensus as to whether trademark rights should be limited to permit decorative uses of another's trademark.

Resolves that:

- 1) Limitation of the exclusive rights of the trademark owner should be allowed, under the specific conditions indicated hereinafter, for the use of a sign corresponding totally or partially to another's trademark in the course of trade in order to indicate kind, quality, intended purpose, value, geographical origin, time of production/rendering or other characteristics of the goods or the services of a third party, as well as to indicate compatibility of the third party's goods or services with those of the trademark owner.
- 2) Limitation of the exclusive rights of the trademark owner should be allowed, under the same conditions, to allow the use of an individual's genuine name in the course of trade. General principles governing settlement of conflicts between trademarks should be applied to disputes arising from the use of a company or business name where it consists totally or partially of another's trademark.
- 3) The above limitations of the exclusive rights of the trademark owner should only be allowed to the extent that use of another's trademark by a third party:
 - a) does not cause confusion,
 - b) does not unfairly capitalise on, or take undue advantage of, the reputation of the trademark,
 - c) is not detrimental to the trademark,
 - d) does not cause dilution of the trademark,
 - e) does not unfairly disparage the goods or services of the trademark owner,
 - f) does not misrepresent the goods or services of the third party as originating from, endorsed by or being associated with the trademark owner, and
 - g) in the case where the third party use indicates compatibility of the third party's goods or services with those of the trademark owner, cannot reasonably be replaced by other means of indicating compatibility.
- 4) Limitations of the exclusive rights of the trademark owner should be allowed for the bona fide prior use of the sign, either in the form of a prior use defence or as a prior user right.