



Trademarks: Canons Regarding the Availability, Scope and Use under TRIPS Agreement

KEYWORDS

Dr. Navdeep Kour Sasan

(Assistant Professor, The Law School, University of Jammu)

ABSTRACT Trademark is an important asset in the hands of the persons carrying on trade and business. It protects not only the goods but also the services provided by the entrepreneurs to the consumers, who recognize them on the basis of the goodwill and reputation earned by their owners in the market. Trademark is a distinctive sign or combination of signs capable of distinguishing the goods and services of one entrepreneur from those of others. The TRIPS Agreement makes registration of signs an essential prerequisite for their protection and provides for an inclusive and not exhaustive list of the trademarks, thereby giving freedom to the Member States from denying protection to certain trademarks, but subject to the fulfillment of certain conditions.

I. Introduction:

The economy of a nation, to a greater extent is dependent upon its trade and commerce. Globalization has opened the markets for the goods from different countries, and even providers of services have entered into such markets, thereby giving boost to the competition and an urge to earn the goodwill in such markets to earn more. The goodwill is a gesture which one earns by providing quality goods or services to the consumers. A consumer in the market always looks for quality, which he often judges from the brand name of the product or the services provided by the producers of such goods or the service providers. Moreover, the identity and quality of the similar goods or services can be judged by the trade mark under which they are marketed and sold. Today, we know many goods or services by the trade marks with which they are associated. For example, the logo "LIC" along with a lighted lamp guarded by two hands and under them there is written "yogakshema bhamyaham" meaning "we (LIC) take care of you." The logo is used to identify the organization Life Insurance Corporation of India known for providing services in the field of life insurance. The trade mark, "KFC" is shorthand for the "Kentucky Fried Chicken" featuring a smiling Colonel in a red coloured apron with three white stripes prominently for advertising, having world-wide reputation in the fried chicken restaurants. Similarly the trade mark, "PIZZA HUT" written in its distinctive style with the word HUT below the word PIZZA and a hat above and covering the words PIZZA HUT, has a world-wide reputation in relation to business concerning the restaurants and food products (Paul, 2009: 319). The trademarks are valuable assets of traders and businessmen and the reputation or the goodwill earned by these people in the markets can help in identifying the trademarks as well. The trademarks serve a very important purpose, viz, prevent the use of fraudulent marks on goods and services by providing registration and better protection for goods and services of businessmen. The trademark further provides an indication to the consumer or the possible purchaser as to the manufacture or quality of the goods or services; for example, a customer buys the "COLGATE" toothpaste as he is assured of its quality (Bhandari, 2010: 150). Not only does the trademark give assurance of quality but also provides popularity to the goods or services. It creates an image of the product in the minds of the public and in this way makes it different from other product and services. It is a visual representation attached to goods for the purpose of indicating their trade origin (Wadehera, 2012: 132). Distinctiveness is the hallmark of a trademark.

Protection of trademark was almost universally recognized, in the national laws of both developed and developing countries. Even before the TRIPS Agreement, trademarks were recognized, However, with the inclusion of the TRIPS Agreement in the WTO Agreement, the standard of protection of

trademarks in both developed and developing countries had to be marginally raised. The TRIPS Agreement significantly improves trademark protection of goods and services in countries other than Western Europe and North America (Macroy, Appleton and Plummer, 2005: 1087).

Section II of the TRIPS Agreement deal with the trademarks under Articles 15 to 21. These provisions of the Agreement provide information about the trademark protection, rights of the trade mark owners, exceptions to such rights, term of protection of trademarks, requirements of use, licensing and assignment, etc., for the trade mark owners.

II. Trademarks and their Registration:

Article 15(1) of TRIPS Agreement gives a definition as to what constitutes a trademark. It offers a uniform definition of the trademark for goods and services, including protection of combinations of colours, but leaving aside other features such as sound or scent marks; which are protected by domestic law in some countries, such as the United States. The TRIPS defines trademark and the basic obligation of all members with regard to such protection. It defines trademark as any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings. At the same time, the Agreement provides that such signs or combinations of the same should be eligible for registration as trademarks. Further, the list of such signs which shall be eligible for registration are personal names, letters, numerals, figurative elements and combinations of colours as well as any combinations of such signs. However, where signs are not inherently capable of distinguishing the products of one enterprise from others, the TRIPS Agreement provides that in such cases registrability may be made contingent on distinctiveness acquired through use. It is thus, obligatory upon all the WTO Members to allow the registration of such marks. The option allows for a provision in the trademark law requiring secondary meaning derived through use. Service marks for the first time offered registration requirements. The developing countries initially opposed such an extension in the TRIPS negotiations; however, they had no basic objections to protecting service marks on par with trademarks.

A Member state is free to deny registration of trademarks on the grounds other than listed under paragraph 1 of Article 15. But such a rejection should not be derogatory to the provisions of the Paris Convention of 1967. Article 6 quinquies The Paris Convention provides an exhaustive list of grounds on which a mark registered in a country of origin may be refused protection in other Member countries (Singh, 2008: 1350). The three grounds provided in the Convention are: where these are previous rights; where the marks are lacking distinctiveness or have become generic; when they are op-

posing to morality or public order; and where they possess a tendency to deceive the public (Watal, 2001: 253).

Article 15(3) allows the Members to make registration dependent upon the intended use, but at the same time provides that it cannot be made a condition at the time of making an application for registration. This provision makes use of the trademark a prior condition for registration. However, the application for registration cannot be refused only on the ground that the applicant has not used the mark within three years of the making of such application. Article 15(4) reiterates Article 7 of the Paris Convention that prohibits any hindrance to registration of trademark on the grounds of the nature of goods and extends this to services (Singh, 2008: 1351). Article 15(5) imposes an obligation upon the members States to publish trademark either before or after registration so as to invite opposition, if any, to refuse or cancel the registration. Thus publication of trademark is a necessary prerequisite for its existence.

III. Conferred by Trademarks to Owners:

Article 16(1) specifies the owner's exclusive rights to prevent third parties from using similar marks for goods or services when such use would produce a likelihood of confusion. It lays down that the owner of a registered trademark has the right to stop unauthorized third parties from making use of his mark or any similar signs for goods and services that are identical or similar to those in respect of which the original mark has been registered where such use would result in likelihood of confusion. Likelihood of confusion can be presumed in case of identical signs applied to identical goods and services. However, regarding the question of implementation of standard of presumption of likelihood of confusion in case of identical marks or identical goods, TRIPS Council in November 1996 revealed that some countries, like the US and Japan, consider this obligation as met through interpretation in courts while others have actually amended their trademark laws to implement this higher standard (Watal, 2001: 254). Moreover, the owners' right can't be treated absolute, so far as prior rights on such goods or services are concerned, nor such provision in Article 16(1) of TRIPS can prevent the members for making such right available on the basis of use.

The protection of well-known trademarks is extended to services under Article 16(2) and internationally well-known trademarks are subject to the minimum standards of protection. Article 6 bis of the Paris Convention, 1967 obliges protection of marks, belonging to an owner in any other country, which is member to the Convention. Such marks should be well-known in the member country of registration or use, and Article 6 bis (1) prevents their use on identical or similar goods. The question as to whether a mark is well known or not is left to the judgment of the competent authorities in the country of registration (Singh, 2008: 1348) Article 16(2) provides that Article 6 bis of the Paris Convention should be applied as such to services.

According to Article 16(3), it is no longer possible to use famous marks in relation to products other than the famous product, e.g., Nike for a sport drink, if such use suggests a linkage with the right holder that is likely to damage his or her reputation. Thus, though the goods or services are not similar to the registered trademark, but use of trademark in relation to those goods or services creates connection with them and the owner of registered trademark, if because of such connection, the interest of owner is likely to be damaged, then Article 6 bis of the Paris Connection 1967 shall apply.

IV. Exceptions or Limitations to Exclusive Right:

Article 17 of TRIPS Agreement makes a provision for the Members to provide exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided such exceptions take account of the legitimate interests of the owner of the trademark and a third parties.

The exclusive right conferred on the owner of trademark is

not absolute and is subjected to the principle of fair use of the descriptive terms. The Member State while providing fair use of the goods or services must take into account the legitimate interest of owner of the trademark and third party.

V. Term of Protection and its Subsistence:

The term of protection under Article 18 is a minimum term of not less than seven years with an indefinite possibility of renewal. National trademark laws generally specify the initial term of protection of registered trademarks, but allow these to be renewed indefinitely. This is the only field in IPRs where there is no time limit for protection after an initial period of seven years. However, renewal of a trademark can be subject to use requirements, so that marks are not simply reserved and not used. Such reservation of marks without their use can reduce the number of marks available for new registration.

According to Article 19(1), the registration of a trademark can be cancelled only after a period of non-use of three years. It specifies that cancellation of trademark cannot take place if the existence of obstacles to use of such trademark is shown by its owner. Import restriction on goods or services or other government requirements on goods and services to which the trademark is applied are specified as valid reasons justifying non-use of trademark. These reasons for incorporating the grounds not accounting for non-use were directed mainly at developing countries as the developed countries were most likely to use all possible reasons to cancel registrations. Further Article 19(2) of the TRIPS Agreement specifies the use of trademark by another person, under the control of trademark owner, would amount to use of trademark. Thus use of trademark by another person would also constitute use for the purpose of maintaining the registration, subject to the control of the trademark holder.

Article 20 prohibits the use of trademarks with special requirements e.g., for use only in combination with another trademark. As far as the use trademark is concerned, Article 20 of TRIPS Agreement makes it clear that such use to sustain registration would not attract special requirements. However there would be additional requirements besides use, that the trademark must identify the undertaking producing the goods or services.

VI. Licensing and Assignment of Trademarks:

Article 21 of TRIPS Agreement excludes all compulsory licensing in the field of trademarks. The practice of merging, under a compulsory license, a local trademark with a foreign mark in order to launch and promote a product is no longer possible under the TRIPS Agreement. Article 21 provides that the Member is free to determine the conditions on the licensing and assignment of trademarks but cannot compel the owner of a registered trademark to transfer the goodwill or business along with the trademark. This transfer of goodwill or business is no longer criteria for granting assignment. The use of the trademark by registered user, in general, amounts to use by the registered proprietor. Ordinarily, the unregistered marks cannot be transferred by way of assignment without transferring business. Thus Members are free to determine the conditions for licensing and assignment of trademarks without prejudice to right of the trademark holder to assign the trademark with or without the transfer of the business.

VII. Conclusion:

The trademarks were initially protected under the Paris Convention of 1883. But with the emergence of growing importance of trademarks as distinct intellectual property right, specific international agreements were concluded. However, with the conclusion of the WTO TRIPS Agreement, the Member States are now under an obligation to provide protection to the trademarks, which though themselves do not constitute a property, but protected to protect the goodwill or reputation of a person earned in course of business of certain goods or providing services. The trademarks confer the owner of the registered trademarks with an exclusive right to prevent all third parties not having his consent from using identical or similar signs for goods or services. However,

the TRIPS Agreement also recognizes the right available on the basis of prior use. Unlike, protection accorded to the other intellectual property subject matters covered under the TRIPS Agreement, trademarks enjoy protection for an indefinite period after the expiry of initial protection of seven years, subject only to renewal with the authorities providing such protection.

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