

# CHAPTER 4

## OVERVIEW OF OTHER SYSTEMS

### 1. INTRODUCTION

There are a number of trade mark systems that cover more than one country that may be of relevance in this chapter. It is also of value to have regard to some case studies of how the issue of priority through use or filing is approached in a number of countries.

### 2. INTERNATIONAL SYSTEMS

In regard to the systems mentioned below, it must be borne in mind that some are linked to a country's acceptance and enactment of the provisions of an international instrument in the national law, and thus do not have automatic application. The systems concerned are approached from the perspective of the rights derived from the particular instrument, which are based primarily on the latter, and not on use as such.

#### 2.1 The Paris Convention<sup>1</sup>

The position regarding the above, in South African law, is as follows.

##### 2.1.1 Priority

The Paris Convention is of relevance in the current context for the following reasons. Firstly, there is provision<sup>2</sup> for a period of six months within which priority in relation to the application date of a trade mark application in a specific country can be claimed. This provision can impact on the issue under discussion, in the following scenario. A commences use of a trade mark in South Africa in July 2004, and files an application in August 2004. B files a convention application in Australia in June 2004, and files an application in South Africa in October 2004. B can claim June 2004 as a priority date,

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1 The Paris Convention for the Protection of Industrial Property, signed on the 20th of March 1883.

2 Article 4(C)(1).

and thus, even though A has prior use, and B has no use at the date of A's application, B would have priority in South Africa.<sup>3</sup>

### 2.1.2 Well-known marks

Article 6**bis** provides protection in relation to the reproduction, imitation, or translation of a well-known mark. This provision has been made part of South African law, as set out below. Article 6**bis** is relevant for current purposes as the use of a well-known mark in another country can predate the use of a particular mark in South Africa. Although there is thus no prior use in South Africa, there is use in some country that causes the mark to be well-known in South Africa. The rights granted to the proprietor of a well-known mark in terms of the Trade Marks Act entail the right to oppose an application,<sup>4</sup> the right to expunge a registration,<sup>5</sup> and the right to prevent the infringement of the mark.<sup>6</sup>

### 2.1.3 Unfair competition

Reference must also be made to article 10**bis** which relates to protection against unfair competition, in particular acts that would be likely to cause confusion. From a South African perspective, the common law regarding unlawful competition would be relevant in this context.<sup>7</sup>

## 2.2 Madrid Protocol

The Madrid Protocol is aimed at the promotion and facilitation of trade mark filings. As such, it is not primarily focussed on the issue of prior use and the protection of rights derived therefrom. However, the filings thus generated and the rights derived therefrom can intersect with prior user rights, and these situations are accordingly now dealt with below briefly.

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3 Section 63(3) of the Trade Marks Act 194 of 1993.

4 Section 10(6) of the Trade Marks Act.

5 Section 10(6) read with section 24.

6 Section 35(3).

7 See in this regard part 2 of chapter 5

By way of background, the Madrid Protocol follows on from the Madrid Agreement,<sup>8</sup> and was intended to remedy some of the deficiencies of the latter. In terms of the Protocol it is possible, on the basis of a single registration or application in the country of origin,<sup>9</sup> to have an application effected in the Registries of the member countries. The crucial question that would, of course, arise here is the date on which rights are created. The position is illustrated with reference to the provisions of the United Kingdom Trade Marks Act of 1994.

In order to appreciate the position in relation to priority, reference must first be made to section 35(1), which provides priority for Paris Convention applications, and states the following:

“A person who has duly filed an application for protection of a trade mark...has a right of priority, for the purpose of registering the same mark under this Act for some or all the goods or services, for a period of six months from the date of filing of the first application.”

Article 8(1) of the Trade Marks (International Registration) Order<sup>10</sup> enacts the following:

“The provisions of section 35...apply, as mentioned below, so as to confer a right to priority in relation to protection of an international registration designating the United Kingdom as they apply in relation to registering a mark under the Act.”

“Earlier trade mark” is defined in the Act<sup>11</sup> to include an international trade mark (UK). This implies that the proprietor of such a mark will be entitled to oppose an application for registration in terms of section 5(1)-(3). It is also possible for the proprietor of such a mark to apply for the invalidation of a registration in terms of section 47(2).

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8 The Madrid Agreement Concerning the International Registration of Marks of 1891.

9 Article 2.

10 (SI 1996/714) made on the 11th of March 1996.

11 Section 6(1)(a)

### 2.3 Agreement on Trade-Related Aspects of Intellectual Property<sup>12</sup>

The Agreement is of relevance as it provides priority to applications made by nationals of countries that are signatories to the Agreement. In a United Kingdom context, the applications are treated on the same basis as Paris Convention applications. It has also been said that TRIPS can be seen as an “extension of the Paris Convention.”<sup>13</sup>

Such a mark would qualify as an “earlier trade mark” for purposes of section 5, read with section 6(1)(c) of the British Act. This agreement also provides, in article 16(1), that the owner of a mark shall have the exclusive right to prevent all third parties from infringing its mark. With regard to a practical example of this principle, reference can be made to the British Act, which provides for the protection of marks well-known in terms of the WTO agreement (of which TRIPS forms part) in the case of infringement.<sup>14</sup> With regard to the protection of prior rights in the context of infringement, it is provided in article 16(1) of the Agreement that:

“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.”

Reliance may seemingly be placed on section 11(3) of the British Act, which is of general effect. However, section 56(3) provides specific protection for the bona fide use of such a mark begun before the commencement of the section, being 1 January 1996.

The proprietor of a mark envisaged in TRIPS may oppose<sup>15</sup> an application or apply for the invalidation<sup>16</sup> of a registration.

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12 Annex 1C of the Marrakesch Agreement, relating to the agreement creating the World Trade Organisation, concluded on the 15th of April 1994.

13 Morcom et.al. The Modern Law of Trade Marks 509.

14 Section 56(2).

15 Section 5(1)-(3) read with section 6(1)(c).

16 Section 47(2)

## 2.4 The Community Mark

The purpose of the system of registration of a Community mark is to provide for protection in all the countries of the European Union through a single filing, which will result in a single registration. The system was put into place by the Regulation,<sup>17</sup> made under article 235 of the Treaty of Rome, and is directly applicable in the member states of the European Union. Several aspects of the issue under discussion are considered below.

### 2.4.1 The Regulation

The important issue of priority must be considered. This matter is of a complex nature, but the following are the pertinent aspects. Firstly, there is, of course, the date on which the Community application is lodged.<sup>18</sup> However, a person who has filed an application under the Paris Convention, or the Agreement Establishing the World Trade Organisation (of which TRIPS forms part),<sup>19</sup> shall enjoy a period of priority for six months from the filing date of the first filing.<sup>20</sup> Every filing that is equivalent to a regular national filing, *inter alia*, under the national law of the member state where it was made, is recognised as giving rise to a right of priority.<sup>21</sup> It is then determined that a Community application that has been accorded a filing date shall, in the member states, be equivalent to a regular national filing with, where appropriate, the priority claimed.<sup>22</sup>

There is another facet that requires consideration here, namely the conversion of applications. The Regulation states that a Community application or mark can be converted into a national trade mark application.<sup>23</sup> However, certain exclusions apply.<sup>24</sup> It is determined<sup>25</sup> that the national application resulting from such conversion shall enjoy in respect of the member state concerned the priority date of the date of filing or the date of priority of the earlier Community application or trade mark, and, where appropriate, the seniority of a trade mark. The latter concept relates to the situation where an

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17 Council Regulation 40/94/EEC.

18 Article 27.

19 See paragraph 2.3 *supra*.

20 Article 29(1).

21 Article 29(2).

22 Article 32.

23 Article 108(1).

24 Article 108(2).

applicant for a (later) Community trade mark claims seniority based on an earlier mark in certain circumstances.<sup>26</sup>

Article 8(4) read with article 52(1)(c) provides for the opposition of an application, or the expungement of a registration, on the basis of rights derived from the use of a mark which are of more than mere local significance. The following comment was made in regard to the latter concept in Compass Publishing BV v Compass Logistics Ltd:<sup>27</sup>

“In other words, there is no reason to believe that Art. 8 (4) is primarily designed to protect the owner of the earlier unregistered right. He does not need such protection. If that is right, the primary purpose of Art. 8 (4) is to prevent the registration of or invalidate granted CTMs when there is an unregistered mark of sufficient width that it would significantly impair the ability of the CTM to deliver the Community-wide rights which the Regulation is seeking to encourage... In summary, it seems to me that a mark should be considered as having mere local significance within the meaning of Art. 8(4) if its geographical spread is restricted to substantially less than the whole of the European Union and that, from the perspective of the Community market in the services or goods in question, the mark is of little significance.”

With regard to the protection of prior user rights, it must be noted that there is no direct provision for such a defence. The right to continued use will flow indirectly from article 52(1)(c). In terms of article 106(1) the prior user is also entitled to protect his user rights against a Community mark's holder.

Where marks are, indeed, of local significance only, such a prior user may in terms of article 107(1) prevent the use of the Community mark in the locality concerned. Article 107(3) provides that a Community mark cannot be enforced against a prior user in such a locality.

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25 Article 108(3).

26 Articles 34 and 35.

27 T20041 RPC 809 825 – 826 (own emphasis)

Reference should be made here to the case of DaimlerChrysler AG v Javid Alavi (t/a Merc).<sup>28</sup> There the court said the following:<sup>29</sup>

“I do not see how a grant of a community trade mark can destroy an existing goodwill and a course of trading which is not dishonest and does not mislead the public.”

### 2.4.2 Domestic legislation

In this regard reference can again be made to the British Act. Provision is namely made for the opposition<sup>30</sup> of an application, or the invalidation<sup>31</sup> of a registration, on the basis of a Community mark.

## 3. POSITION IN SOME INDIVIDUAL EUROPEAN COUNTRIES<sup>32</sup>

It is of value to have regard, briefly, to the regulation of the issue of prior use in some European countries. As will be noted, most of the systems do consider user rights to be of relevance, contrary to perceptions sometimes held in this context. The exception, however, is the position in the Benelux countries.

The laws of the various countries should be seen against the background of the Directive.<sup>33</sup> Brief reference is thus made to the latter, before the national systems are considered.

Firstly, with regard to prior use as a ground for opposition, or invalidation, article 4(4)(b) of the Directive states that:

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28 [2001] RPC 813.

29 Page 848 paragraph 108.

30 Section 5(1)-(3) read with section 6(1)(a).

31 Section 47(2).

32 This discussion is of a brief nature having regard to, in particular, language constraints encountered in relation to a in-depth study of the systems concerned. Considerable assistance was derived from a recent overview of the issue by Ahmad “No Simple Task: Enforcement of Unregistered marks in Europe” Trademark World July/August 2003 23. The discussion that follows is essentially a summary of this article, and references given are based on those of the author.

33 The First Council Directive No. 89/104/EEC of December 21 1988 to approximate the laws of the member states relating to trade marks

“Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of the application for registration of the subsequent trade mark, or to the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;”

There is no provision for registration on the basis of honest concurrent use. Insofar as the protection of earlier users against infringement is concerned, article 6.2 of the Directive provides as follows:

“The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized”.

### 3.1 France<sup>34</sup>

The general principle enshrined in French trade mark law is that trade mark rights may only be acquired through registration.<sup>35</sup> There are, however, two exceptions to this rule.

Firstly, the provisions of article 6bis of the Paris Convention would be relevant, and would provide protection for a well-known trade mark. Secondly, a prior user may, on the basis of unfair competition, prevent the use of another unregistered mark. Prior use and the risk of confusion would have to be established.

Importantly, in the event that a conflict ensues between an unregistered mark and a mark registered subsequently, the registered mark would have priority over the

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34 Ahmad *Trademark World* July/August 2003 23.

35 Articles L 711-1 of the French Intellectual Property Code

unregistered mark, notwithstanding the fact that there is use prior to the registration.<sup>36</sup> Provision is made for the expungement of the subsequent registration. However, this can only be done in the event that the registration was obtained fraudulently. The prior user would have to establish that the registrant knew, or should have known, of the prior user.

### 3.2 Germany<sup>37</sup>

Unregistered marks are protectable under German law to the same extent that registered marks are. It is, however, a requirement that the marks must have achieved sufficient public recognition.

### 3.3 Italy<sup>38</sup>

The Royal Decree provides<sup>39</sup> that in the case of prior use of an unregistered mark that is not well-known or is only known locally, it is permissible to continue to use the mark, within the same area, notwithstanding the registration of a later mark. Unregistered marks are also protected by the Italian Civil Code<sup>40</sup> if certain requirements are met, as well as by article 6bis of the Paris Convention. Protection for such marks depends on the area in which use has taken place, as well as the degree of public recognition. In the event that the mark is known on a national scale, the user thereof has the exclusive right to use it. The prior user of a mark will then also have the right to oppose applications by later applicants, apply for the expungement of registrations, or prevent the use of such a mark. If the mark in prior use is only known locally, the use can co-exist with a later and validly registered mark. The prior user would then not have the right to prevent use of the mark by the registrant on a national basis.

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36 Article L.712-1 of the French Intellectual Property Code.

37 Ahmad Trademark World July/August 2003 23 – 24.

38 Ahmad July/August 2003 Trademark World 24.

39 Articles 9 and 17.1(b) of the Decree n. 929 of 21 June 1942.

40 Article 2598 no 1

### 3.4 The Benelux countries<sup>41</sup>

The position in the Benelux countries constitutes a different and drastic approach when seen from a common law or even civil law perspective. Of particular importance is section 12A of the Eenvormige Beneluxwet op de merken,<sup>42</sup> which provides as follows:

“Niemand kan, welke vordering hij ook instelt, in rechte bescherming inroepen voor een teken, dat als merk beschouwd wordt in de zin van artikel 1, tenzij hij het op regelmatige wijze heeft gedeponeerd en zo nodig de inschrijving er van heeft doen vernieuwen.”

In other words, the proprietor of a sign that is a trade mark is not entitled to protection if the mark has not been registered. There is thus no relief available on the basis of any rights derived from the use of an unregistered mark. There are a number of exceptions to this rule. Firstly, the situation where the mark concerned is not, technically, a trade mark.<sup>43</sup> In such an instance protection in terms of the common law relating to unlawful competition would be available. Secondly, section 40.B provides that the proprietor of an unregistered mark could qualify for protection if the mark was a service mark,<sup>44</sup> that existed on the date that the section came into operation, being 10 November 1983, and was protected under the common law at that stage. In other words, marks of which use was only commenced after said date, would not have any protection unless they were registered. Another exception that exists is for well-known marks as envisaged in article 6bis of the Paris Convention. It seems fair to state, however, that, despite these exceptions, the structure of the legislation is clearly designed to promote the protection of a mark through the registration thereof, and that substantial protection for unregistered marks is not available.

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41 Ahmad July/August 2003 Trademark World 24 – 25.

42 The Uniform Benelux Trademark Act of 30 June 1969.

43 Section 12 B.

44 Ahmad July/August 2003 Trademark World 25 note 7 states that the term “service marks” relates to the Paris Convention. Article 6sexies could be relevant. It provides the following:

“The countries of the Union undertake to protect service marks. They shall not be required to provide for the registration of such marks.”

In **summary**, it appears that the French, German and Italian intellectual property systems do provide protection to marks on the basis of prior use to varying degrees. In contrast, the Benelux countries do not provide a general form of protection for such marks, except to a very limited extent.

#### 4. CASE STUDIES

The potential conflict between filing and user rights is a problem encountered worldwide. It is of interest, in order to gain insight into disputes that may arise, to have regard to cases which have been decided in some countries. The overview is in the form of case studies of the various decisions.<sup>45</sup>

##### 4.1 Hong Kong<sup>46</sup>

In Etex International Purchasing Ltd v Diesel SpA<sup>47</sup> A was the registered proprietor of the Diesel trade mark. The Registrar confirmed the principle that the owner of a mark that had been used in relation to goods, at common law, was the first user. It was possible to challenge the registration of a mark on the ground of prior use even though the registrant applied for the mark in good faith. It was also stated that a low level of use of the mark could suffice to substantiate an assertion of proprietorship. A did not provide any evidence of use that predated B's date of first use. Accordingly, the Registrar decided that A's registration for the Diesel mark was entered on the Register without sufficient cause, and it was removed from the Register.<sup>48</sup>

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45 Reliance has been placed on reviews of the various cases in different issues of the Trademark Reporter. The discussion herein is essentially a summary of such reviews. References given are based on those of the author concerned.

46 Based on March-April 2001 Trademark Reporter 410.

47 Application for Rectification No. 3300/92.

48 Registrar of Trade Marks, October 16, 1999 (unreported)

## 4.2 Australia<sup>49</sup>

### 4.2.1 Thai Gypsum Products Co. Limited v. Waring & Gillow Pty. Limited & Anor<sup>50</sup>

In this matter the nature of the use relied on by A was the fact that the marks concerned were featured, in 1993, in technical bulletins or trade brochures. B filed an application for the same marks in 1994. The court granted a declaration that A was the proprietor of the marks.

## 4.3 Greece<sup>51</sup>

### 4.3.1 Barcrest Limited v JPM International<sup>52</sup>

In this matter A filed an application for a mark on the 28<sup>th</sup> of September 1993. B, which had been using the mark since the beginning of 1993, filed an application on the 26<sup>th</sup> of May 1994. It was held that the mark had become well-known through the use of it by B. Accordingly, B was the senior party, and registration was refused to A, the first applicant.

## 4.4 Denmark<sup>53</sup>

### 4.4.1 Dansk Begravelsesservice A.p.S. v Elysium Begravelsesopsparring<sup>54</sup>

A issued a press release and about 200 000 notices, including application forms, to Danish morticians advertising its services under the Elysium mark. A few days later, B applied for registration of the mark. Approximately three months prior to A's distribution, B, at its annual meeting, decided to change its name and secondary name to include Elysium. These changes were, however, not recorded in the Danish Companies Register until about two months after A's distribution. The court seemingly accepted that B, independently of A, had decided to use the mark Elysium for mortuary services. Accordingly, there were no mala fides on B's part. The court thus had to rule on whether

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49 Based on Trademark Reporter November-December 1995 790 – 791.

50 1994 Federal Court (Spender, J.) (unreported).

51 Based on Trademark Reporter March-April 2000 352 – 353.

52 Court of the First Instance of Athens (section 10) decision of 31 July 1998.

53 Based on March-April 2001 Trademark Reporter 375 – 376.

54 I Ugeskrift for Retsvaesen 2000 135H

A's use of Elysium predated B's application and intended use. It was held that A had sufficient use of the mark so as to entitle it to enjoy B's subsequent registered use.

#### **4.5 New Zealand<sup>55</sup>**

##### **4.5.1 In re Power FM<sup>56</sup>**

A applied for registration of the mark Power Fm in relation to broadcasting services on the 15<sup>th</sup> of March 1998 on the basis that the mark was proposed to be used. B was incorporated on the 21<sup>st</sup> of May 1998, and commenced broadcasting in June 1998. B had to establish ownership of the mark prior to the date of A's application. If A was able to establish an earlier date of use, then B would also have to establish use of the mark prior to that of A. B submitted evidence to the effect that two independent companies held discussions as a result of which a joint venture radio broadcasting company known as Power FM was to be formed. C, one of the joint venture companies, conducted test broadcasts in late 1997. However, there was no evidence that the mark Power Fm was used by C, nor of how the rights to the name Power Fm were transferred to B by the joint venture companies. The Power FM radio station was launched on behalf of the joint venture companies in May 1998 and commenced broadcasting in June.

A provided evidence of discussions relating to the mark Power Fm prior to the filing of the application, but not of a sufficient nature to establish ownership prior to the application date. The evidence indicated that A selected the mark whilst being unaware of B's activities or planned use of the mark. It was held that B did not prove ownership as it was not incorporated until the 21<sup>st</sup> of May 21 1998. In addition, B failed to prove an assignment of rights from the joint venture company, as well as the existence of goodwill. B did, therefore, not prove prior use of the mark, or a chain of title that would be sufficient to establish its claim to proprietorship of the mark. The opposition was, therefore, rejected.

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<sup>55</sup> Based on March-April 2001 Trademark Reporter 464 – 465.

<sup>56</sup> Decision of Commissioner of Trade Marks, dated 4 October 2000

## 4.6 Thailand<sup>57</sup>

### 4.6.1 Celine, S.A. v Mr Samridh Chatchotetham<sup>58</sup>

In this matter A had been using the trade mark Celine in Thailand since 1974. It was ruled that A had superior rights to the mark over B, who obtained registration in 1980, and the court ordered the removal of the registration.

## 4.7 Brazil<sup>59</sup>

### 4.7.1 A Quimica Santa Marina SA v Uzinac Chimicas Brasileiras SA<sup>60</sup>

In this matter, which followed an approach that differed from that followed before, A filed an application prior to B. However, B's date of first use predated the filing date of A's application by about three years. The court ruled in favour of B, and a commentator has stated the following on the implications of this case:

“When oppositions or administrative nullity proceedings are filed at the PTO, or whenever a case is taken to court, due thought should be given to the possibility that the other party can now find support in the trademark law to defeat arguments that are merely based on trademark rights secured as a result of a prior filing.”

## 5. CONCLUSION

It was noted in this chapter that there are a number of systems of trade mark protection that have an effect in more than one country. Firstly, the Paris Convention provides priority for trade mark filings, and protects well-known marks. In terms of national legislation, for instance that of South Africa, user rights are protected, however. The Madrid Protocol was considered in the context of national legislation, in particular the

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57 Based on November-December 1996 Trademark Reporter 1001–1002.

58 Supreme Court Judgment No. 2258/2538 (1995).

59 Discussion based substantially on that of Daniels “Brazil's Right of precedence – Prior User Defeats First to File” April 1999 Trademark World 20.

60 Decision of the 15th Federal Court in Rio de Janeiro, relating to the nullification of trade mark application number 817725890 CORTRAT

British Trade Marks Act. It was noted that priority was also granted, but user rights were similarly protected. The TRIPS agreement also involves priority of an application, but likewise protects prior user rights.

European legislation was also discussed. It appeared that most countries provide protection to prior user rights, with the exception of the Benelux countries,<sup>61</sup> which place great emphasis on registered rights. Lastly, a number of decisions in other countries were considered. It appears that in these cases user rights were recognized. It is, however, not possible to state that preference was given to use as such, and it is fair to say that a prior filing could have priority over use commenced after the filing date.

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61 And, to a lesser extent, France.