



Enrique Cavero

Protection of well-known trademarks in the Americas

Enrique Cavero, Hernández & Cía, explores well-known trademarks and examines how the protection of these trademarks differs throughout the Americas.

Due to their special characteristics, well-known trademarks are granted special protection in most jurisdictions worldwide. However, such special protection is twofold. On one hand, well-known trademarks may be enforced against third parties without need of registration (regardless of the form and level of protection that registration provides, which varies from first-to-file to common law jurisdictions) and, on the other hand, they may be enforced for products and services that are not necessarily the same for which they are registered or used (thus making an exception for the so called *principle of specialty*).

International worldwide protection of well-known trademarks is contained, mainly, in article 6bis of the Paris Convention for the Protection of Industrial Property (PCPIP) and in article 16 of the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Article 6bis of the PCPIP provides:

Article 6bis

[Marks: Well-Known Marks]

(1) *The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit*

the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) *A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.*

(3) *No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.*

Thus, the Paris Convention grants well-known trademarks legal protection, without need of registration, against any trademarks that are likely to be confused with them in the market, in relation to identical or similar goods. Moreover, even if the conflictive trademark is registered first, it may be subject to cancellation (or nullification) due to the said likelihood of confusion for a period of at least five years (if the registration was obtained in bad faith), or indefinitely (if the registration was obtained in bad faith).

Complementing the PCPIP provision above, article 16 of the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) establishes:

Article 16

Rights Conferred

(...)

2. *Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.*

3. *Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar*

Résumé

Enrique Cavero, Partner, Hernandez & Cia. Abogados, Lima, Peru

- Expert on Intellectual Property, Information & Technology, Entertainment & Media and Competition Law.
- Formerly an Intellectual Property Manager for Latin America & the Caribbean at Procter & Gamble.
- Member of the National Advertising Self-Regulatory Tribunal – CONAR.
- Founder and former President of the Legal Committee of the Peruvian-American Chamber of Commerce
- President of the Well-Known Trademarks Committee of the Interamerican Intellectual Property Association (ASIPI)
- Speaker at various international forums such as the International Trademarks Association (INTA), the Global Advertising Lawyers Alliance (GALA) and the Interamerican Intellectual Property Association (ASIPI).
- Author of numerous published works and papers.



to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

As depicted above, the TRIPS agreement broadens and enhances the protection granted to well-known trademarks by the PCPIP and extends it to services (not only goods), and then to goods and services that are not necessarily the same or similar to those for which the well-known trademark has been registered or is being used.

Special protection

The special protection well-known trademarks are entitled to, obey to a number of reasons all deriving from one particular underlying circumstance: the fact that well-known trademarks enjoy certain level of reputation. As we know, the purpose of trademark laws is to protect the consumers and enterprises in the marketplace. Through trademarks, consumers are allowed to identify entrepreneurs that provide the best quality-price equations and to come back to those providers who, in turn through this process, are capable of building reputation. Since the basic purpose of trademarks is to identify providers in the marketplace, the basic problem is the possibility of confusion. If consumers get confused and mistake some providers for others, the whole competitive process is jeopardized. Therefore, trademark laws, basically, are designed to prevent the likelihood of consumer confusion, which normally takes place in the context of the same market niches, sectors or industries. This is, for identical or related goods and services.

But, as a given trademark gains more reputation, the marketplace situation to which it is confronted varies in several different ways and levels. Greater reputation normally brings greater vulnerability against free riding and other risks. Although free riding involves passing off and consumer confusion, the usual remedy for the latter are no longer

enough, because the scope of likelihood is broader. It is not likely that consumers will mistake a provider for another when they act in completely different industries, even if they use the same or very similar trademarks. However, if the trademark is 'well-known' the situation changes. When reputation transcends industries and market niches, so does likelihood of confusion. Also, confusion may not only cause consumers to mistake one product for another (direct confusion) but also can cause to mistake one provider or source for another (indirect confusion or 'association'). Thus, when a trademark acquires certain reputation, such reputation becomes object of legal concern and protection as well. The issue is no longer exclusively about consumer confusion and the possible deviation of consumer demand for specific products or services in a certain sector or industry. It is now also about the value of the trademark; the more valuable trademarks a society has, the more prosperous it is.

Even when there is no likelihood of direct confusion (because, for example, the owner of the original trademark does not play in the industry where the copycat is being used) or even when there is no likelihood of undue association, a well-known trademark still may be affected or damaged by being used (not by their original owners) in ways that do not correspond to their equity and marketing positioning, thus lessening their uniqueness and/or distinctiveness. This phenomenon, called 'dilution', is another reason why well-known trademarks are protected across classes and categories.

Good faith

Another relevant concept is the principle of "good faith" that lies beneath *first-to-file* trademark protection systems. In jurisdictions based on this concept, whoever files first for registration of a trademark will be legally protected over the rest and, therefore, will own the trademark. This is the legal and economic solution to the possible conflict of multiple agents in the market building on the same trademark. But, the model assumes that these agents are acting

in good faith, i.e., that the overlap is a coincidence, not a rip-off. Rip-offs are a form of free-riding or predatory conduct, and free riding is generally not protected by laws because it allows certain agents in the market, who have not invested in a resource (in this case, the trademark), to benefit and profit from it in spite of the investor, which is unfair and socially inefficient. Thus, most first-to-file legislations include provisions stating that registrations are null and void if the applicant, at the time of application, 'knew' that the trademark belonged to someone else. The latter is, however, a matter of fact, subject to demonstration, and proving such sort of prior knowledge may turn out to be pretty complicated. This is how the subject of well-known trademarks becomes important here too. For well-known trademarks, in general, it will not be necessary to demonstrate that the applicant knew specifically that the trademark belonged to someone else. Instead, it will be simply necessary to demonstrate that the trademark was "well-know" either by the general public or by the pertinent sector.

In this context, some of the most recurring issues in the legislations across the region are:

How do you define or identify a well-known trademark? How do you measure or proof notoriety or fame? Must the trademark be well known by the general public, or is it enough that it be well-known in the pertinent sector or industry? Can a trademark be considered well-known in a country in spite of not being used there? Can a well-known trademark be cancelled for lack of use?

Factors to determine a well-known trademark

In order to qualify or identify a well-known trademark, the essential thing is, as obvious as this sounds, to determine the degree of knowledge by the public in the relevant industry sector. This is pretty much a general notion. Thus, it is usually not necessary to evidence knowledge by a significant portion of the general population, although such kind of notoriety does grant a higher level of protection in some countries. Thus, some countries like Canada, Brazil, Ecuador and Mexico have different degrees of protection for different categories of well-known trademarks (e.g. *known*, *well-known*, *very well-known*, *notorious*, *famous*, *renowned*, *highly renowned*, etc.) depending on various factors like the degree of knowledge, on whether this

knowledge is general or circumscribed to a certain sector or industry, on whether the mark is locally registered and/or used, among other factors. However, the number and denomination of these categories, as well as their corresponding definitions vary considerably from one country to another. Specifically for purposes of this article, we use the terms 'well-known', 'famous' and 'notorious' indistinctly.

Some other relevant factors in determining a trademark's notoriety, found in most legislations across the region, among others, are: The duration and geographical scope of its use, the duration and geographical scope of its promotion and advertising, the amount and significance of the investment (mainly advertising investment), the amount of sales of the products and services identified with the mark, the number of establishments, the degree of distinctiveness, the accounting book value, the existence and duration of a trademark registration or application.

Some countries, like Argentina and Chile, have opted for a "regional" or "international" standard, and therefore they recognize a trademark as 'well-known' if it is recognized as such in its country of origin (a PCPIP member). Similarly, the Andean countries recognize trademarks that are well known in any of the Andean Community members, regardless of how they became well-known.

Most countries do not require local use of a trademark for it to be protected as well-known. In some cases, this is because the country has a regional or international standard and validates the fact that the mark is well known in another country (Argentina, Chile, Peru, and Colombia). Sometimes it is because a trademark can become well known in spite of not being used (in the sense of being sold in the market) due to factors such as international advertising and global communications (e.g. Mexico). In some other countries (e.g. Brazil and the U.S.A.) local use is a requirement. Relatedly, in many Latin American countries (with the notable exception of Brazil) a well-known trademark cannot be cancelled for lack of use.

Finally, in certain countries, like Brazil for example, the declaration of a 'well-known' trademark is made in abstract and with general effect, as a result of a proceeding to that specific end. In other countries (e.g. Peru) the declaration of notoriety can only be made as part of the integral analysis of a particular given case in which notoriety is relevant. In others, like Mexico, there are both possibilities.

