

Summary Report

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2020 – Study Question – Trade marks Descriptive use as a defence in trade mark proceedings

Introduction

This Study Question concerns whether and under what conditions a descriptive use of a third party's trade mark may act as a defence to an allegation of trade mark infringement by that third party. In this Study Question, "descriptive use" refers to the use of a sign that concerns a characteristic of the goods or services at issue.

In many jurisdictions, a purely descriptive use of another person's trade mark will not be found to be infringing that trade mark. However, what constitutes such descriptive use and to what extent such a defence applies may vary in each of the jurisdictions, and in many jurisdictions the scope of such a defence is not fully defined. Moreover, the defence has practical importance: it is often invoked but the definitions and limitations are not entirely clear.

This Study Question seeks to establish whether, and if so under what conditions, a descriptive use of someone's trade mark may act as a defence to an allegation of trade mark infringement. It also explores what kind of evidence may be accepted to support a descriptive use defence.

This Study Question is limited to the descriptive use defence in the context of trade mark infringement proceedings, whether before a court or an administrative office. Actions based on other grounds (e.g. unfair competition) are outside the scope of this Study Question, as are trade mark invalidity actions.

The Reporter General has received Reports from the following Groups and Independent Members in alphabetical order: Argentina, Austria, Azerbaijan, Belgium, Brazil, Bulgaria, Canada, Chile, China, Chinese Taipei (Independent Member), Croatia, Denmark, Ecuador, Estonia, Finland, France, Germany, Hungary, India, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, Paraguay, the Philippines, Poland, Portugal, the Republic of Korea, the Russian Federation, Singapore, Spain, Switzerland, Turkey, UAE, the United Kingdom (UK) and the United States of America (USA).

38 Reports were received in total¹. The Reporter General Team thanks the Groups and Independent Members for their helpful and informative Reports. All Reports may be accessed [here](#).

The Reports provide a comprehensive overview of national and regional laws, practices, and policies relating to descriptive use as a defence in trade mark proceedings, set out in three parts:

- Part I – Current law and practice
- Part II – Policy considerations and proposals for improvements of the current state of the law
- Part III – Proposals for harmonisation.

This Summary Report does not summarise Part I of the Reports received. Part I of any Report is the definitive source for an accurate description of the current state of the law in the jurisdiction in question.

This Summary Report has been prepared on the basis of a detailed review of all Reports (including Part I) but focuses on Parts II and III, given AIPPI's objective of proposing improvements to, and promoting the harmonisation of, existing laws. As it is a summary, if any question arises as to the exact position of a particular Group in relation to Parts II or III, please refer to the relevant Report directly.

In this Summary Report:

- references to Reports of or responses by one or more "Groups" may include references to Independent Members;
- where percentages of responses are given, they are rounded to the nearest 5%; and
- in Part IV below, some conclusions have been drawn in order to provide guidance to the Study Committee for this Study Question.

I. Current law and practice

For the replies to Questions 1) - 6) set out in the Study Guidelines for this Study Question, reference is made to the full Reports. The Study Guidelines may be accessed [here](#).

¹ Reports received after 8 July 2020 are listed above but their content is not included in the summary in Parts II and III.

II. Policy considerations and proposals for improvement of your current law

- 7) Could any of the following aspects of your Group's current law or practice relating to the descriptive use defence against an allegation of trade mark infringement be improved? If YES, please explain.**
- a) whether a descriptive use of a third party's trade mark can act as a defence to an allegation of trade mark infringement by that third party and if so, whether this applies only to word trade marks**
 - b) under what conditions a descriptive use of a third party's trade mark may act as a defence to an allegation of trade mark infringement by that third party**
 - c) whether, in order for the defence to succeed, the use must be "honest", "fair" or an equivalent thereof**
 - d) the kind of evidence that may be accepted to support the defence**
 - e) the types of proceedings concerning trade mark infringement in which the defence can be invoked**

55% of the Groups responded NO to this question. The Groups answering YES generally do not consider improvement necessary for all aspects though, which is why the percentages for the various individual aspects are higher, i.e. 60-70%.

Of the Groups answering YES, the UAE Group indicates that while descriptive use is used as a defence, the lack of specific provisions in the law causes inconsistency and uncertainty. Also the Brazilian Group notes that the main improvement to the law, if any, would likely be to include a statutory provision relating to the defence.

- 8) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?**

A majority of the Groups (70%) answered NO to this question.

Of the eight Groups with proposals or comments, the Italian Group comments that the interests of both the trade mark owner and third parties should continue to be balanced.

The Finnish Group responds that it would be good for trade mark owners to be able to oppose the use of their trade marks also outside the course of trade (e.g. in newspapers and blogs).

The Japanese Group distinguishes between clearly distinctive trade marks, trade marks with little distinctiveness and trade marks that were generic terms but became trade marks. For the former, provisions of fair use should be created; the other two categories may have to be addressed separately.

The Dutch Group would like to have more clarification on the situation in which a company uses a generic term in combination with a distinctive element, while a sign that slightly differs from the generic term is a registered trade mark; they also note that terms can get

a new (ordinary) meaning over time e.g. in the digital age. The Dutch Group furthermore considers that the different perception of words in various languages throughout the EU (due to the different command of languages) can be a barrier to full harmonisation.

III. Proposals for harmonisation

9) Do you believe that there should be harmonisation in relation to the descriptive use defence against an allegation of trade mark infringement?

32 Groups (85%) support harmonisation.

The UK Group replies that harmonisation of the law is generally perceived to be a laudable aim, particularly for multinational organisations with global brand portfolios, providing an additional degree of commercial and legal certainty. On the other hand, so long as there are gaps in the way in which different jurisdictions make the defence available, the value of harmonisation is lessened. Also, the interests of brand owners and companies without brand portfolios may be different.

The Republic of Korea Group comments that harmonisation would be helpful for setting up a policy in the worldwide management of trade mark protection. The Dutch and Indian Groups make similar comments and mention that harmonisation will be helpful in the context of globalization and international trade especially with the increasing importance of e-commerce.

The Mexican Group states that while it does support harmonisation as to the general availability of the defence, the specific requirements should be left to national law. The Polish Group favours clarification and unification of the requirements, but emphasizes that sufficient flexibility and room for interpretation should remain.

Five Groups replied NO to this question (Azerbaijan, Chinese Taipei (IM), Ecuador, Paraguay, USA). Of these, the Chinese Taipei IM's explanation is that knowledge of consumers varies among countries so that harmonisation does not appear to be a critical issue that requires immediate attention. The Paraguayan Group states that once a trade mark is registered, no descriptive use defence should be available unless the trade mark is annulled for being descriptive.

10) Should a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party? Please answer YES or NO.

A large majority of the Groups (33, i.e. 90%) answered YES to this question.

The four Groups that answered NO are Azerbaijan, Canada, Indonesia and Paraguay. Of these, Canada explains that trade marks should not be allowed to be registered if descriptive; allowing registration and then affording a descriptive use defence adds an unnecessary layer of complexity and would moreover allow a trade mark owner to assert a trade mark that has been found descriptive against other parties. A counterclaim for invalidity would be the better option in this view. The Polish Group voices similar concerns and, while having replied YES, suggests that a successful descriptive use defence should lead to cancellation of the trade mark.

11) Should this defence only be available as a defence in respect of word trade marks?

A large majority of the Groups (33, i.e. 90%) answered NO to this question. The French Group states that there is no reason to limit the defence to word trade marks. The Polish Group notes that a limitation to word trade marks would exclude descriptive use of graphics and would as a result introduce a differentiation in the scope of protection of various types of trade marks. The Danish Group states that the defence should primarily be available in respect of word trade marks (or composite trade marks which consist primarily of the word element), but that it will depend on a case-by-case assessment whether the defence can be invoked in respect of a purely figurative trade mark. Also the UK Group expects the application of the defence to be less common in the case of figurative or non-traditional trade marks. The Estonian Group makes a similar comment.

The Paraguayan Group however states that a descriptive use defence should not be available at all and the Azerbaijan Group is of the view that the defence should only be available to the disclaimed part of a trade mark.

12) Under what conditions should a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party?

In reply to this question, a majority of the Groups (60%) expressly mention that the use by the party invoking a descriptive use defence should be in "good faith" (or a variation thereof, such as "honest", "fair", "good marketing practice", "methods in common use", "good business practice").

Furthermore, several Groups state that it should not concern use "as a trade mark". Also, a number of Groups mention that the use should not cause confusion or take unfair advantage of the trade mark.

Other conditions were only mentioned by one or a few Groups. The Chinese Group for example states that the defendant must use its own trade mark.

The US Group considers that the defendant should be able to present evidence of the descriptive use such as use of the term or symbol with another source-identifying house mark or a disclaimer, use to describe the goods and services, descriptive use by others and use in a sentence in advertising and not on products.

The UK Group suggests to consider the scope of the defence and its relationship with the requirements for infringement in view of modern case law.

The Bulgarian and Malaysian Groups note that it is important to strike a balance between various interests (in particular the interests of trade mark owners on the one hand and the need to keep descriptive terms free for use on the other hand).

13) a) In order for the defence to succeed, should the use be "honest", "fair" or an equivalent thereof? Please answer YES or NO.

A large majority of 35 Groups (95%) replied YES to this question. The Republic of Korea Group adds that it is advisable to accept dishonesty, unfairness or an equivalent easily, because such can be difficult to prove.

The two Groups that answered NO, the Azerbaijan and Paraguayan Groups, believe the defence should not exist at all.

b) If the answer to Q13)a) is YES, what factors should be taken into account when assessing this requirement? Please tick the boxes as applicable.

- the reputation of the invoked trade mark**
- the use affects the value of the invoked trade mark by taking unfair advantage of its distinctive character or reputation**
- the use gives the impression that there is a commercial connection with the trade mark owner**
- the use discredits or denigrates the invoked trade mark**
- the product is presented as an imitation or replica of the product bearing the invoked trade mark**
- the way the sign is used, namely**
- the party invoking the defence was aware of the invoked trade mark**
- other, namely**

There is consensus among the 35 Groups (i.e. 100%) that replied YES to this question (of the total number of Groups this percentage is 95%) on three factors, namely:

- the use affects the value of the invoked trade mark by taking unfair advantage of its distinctive character or reputation;
- the use gives the impression that there is a commercial connection with the trade mark owner; and
- the product is presented as an imitation or replica of the product bearing the invoked trade mark.

A large majority furthermore believes also the following three factors should be taken into account:

- the reputation of the invoked trade mark (90% of the Groups that answered YES, which means 85% of all Groups);
- the use discredits or denigrates the invoked trade mark (90% of the Groups that answered YES, which means 85% of all Groups);
- the way the sign is used (80% of the Groups that answered YES, which means 75% of all Groups); in this respect, among others it is considered relevant if the sign is used "in a brand sense", as the UK Group states (so as a trade mark, source identifier); the US Group considers it relevant whether the sign is used with another source-identifier, a disclaimer or other language that reduces the risk it will be perceived as a trade mark

(or whether it, to the contrary, is used as a source-identifier e.g. with a TM symbol or in a manner that attracts attention e.g. due to font, colour, prominent location), and also how it is used in promotional materials.

Furthermore, 19 Groups (55% of the Groups that answered YES, which means 50% of all Groups) consider that it is also a relevant factor whether the party invoking the defence was aware of the invoked trade mark.

Also, 15 Groups mention other factors. Of those, the Belgian Group notes that it is also relevant whether the product has been represented as being of the same quality as (or having equivalent properties to) the product whose trade mark is being used. The Danish Group states that freeriding and a risk of confusion are also relevant factors; they furthermore note that it is relevant if the invoked trade mark is a composite mark and the defendant is only using descriptive words thereof. The German Group is of the view that "imitation risk" should be a factor to be taken into account. The Indian and Dutch Groups consider the extent and manner of use by other traders relevant. Several Groups wish to consider the necessity to use the invoked trade mark. The Singapore Group mentions among others that any relevant previous relationship between the trade mark owner and the defendant should be considered. Also the Spanish Group considers several factors, including that use against (or, to the contrary, in line with) legal provisions or other compulsory rules should be taken into account. The UK Group lists a number of factors, including whether there is (a likelihood of) confusion and the timing of the complaint of the trade mark owner.

Several Groups emphasise that other factors which cannot necessarily be predefined may play a role, and that each case should be assessed on its own, considering all relevant factors.

14) What kind of evidence should be accepted to support the defence?

A majority of the Groups (the exact number is difficult to give as it is not always expressly stated) is of the view that there should be no restrictions on the type of acceptable evidence and that all kinds of evidence should be acceptable.

The answers contain suggestions both as to what needs to be proven (e.g. the way the allegedly infringing sign is used) and with what kind of evidence such proof can be achieved.

Among the suggestions made, the following are supported by at least several Groups:

- survey evidence; the Indian Group for example mentions that survey evidence establishing the public's perception of the allegedly infringing sign at issue is helpful, as is survey evidence concerning the descriptive character of the trade mark invoked;
- dictionaries are also mentioned by a number of Groups (the Indian, Spanish, Turkish, Mexican, Japanese and Indonesian Groups as well as Chinese Taipei (IM));
- publications (e.g. press articles, catalogues, brochures);

- examples of use by the alleged infringer of the allegedly descriptive sign on products and in advertising;
- examples of third-party use of the allegedly descriptive sign on products and in advertising (e.g. pictures of products, reports investigating the extent of such use, internet search results);
- expert opinions on the alleged descriptiveness;
- witness evidence on the defendant's use and the background thereof.

The Swiss Group states no harmonisation is needed due to the profound differences between common law and civil jurisdictions.

Instead of proposing types of evidence acceptable, the Korean Group suggests to shift the burden of proof for honest, fair or equivalent use in case of a descriptive use defence. The UAE Group makes a similar suggestion, namely that there should be a presumption of honest or fair use of the mark by the defendant with the burden of proof being on the claimant to demonstrate, through evidence, that the use of the mark by the defendant is dishonest, unfair or an equivalent thereof.

15) In what types of proceedings concerning trade mark infringement should it be possible to invoke the defence? Please tick the boxes as applicable.

- court proceedings (civil)**
- court proceedings (administrative)**
- court proceedings (criminal)**
- IP office**
- other, namely**

A very large majority of the Groups is of the view that it should be possible to invoke the defence in:

- court proceedings (civil) (35, i.e. 95%);
- court proceedings (criminal) (29, i.e. 80%).

As to the two other types of proceedings specifically mentioned, the numbers are close:

- court proceedings (administrative): 21 Groups (55%) is of the view that it should be possible to invoke the defence in those;
- IP office: 18 Groups (50%) is of the view that it should be possible to invoke the defence in those.

Furthermore, 14 Groups mentioned it should also be possible to invoke the defence in other proceedings. In this respect, arbitration was mentioned most often, by five Groups.

Furthermore, three Groups commented that the defence should be available in any kind of proceedings and should not be strictly limited to specific types.

IV. Conclusions

From the Reports the conclusion can be drawn that a large majority of the Groups (85%) agree that harmonisation is desirable regarding at least some of the issues described above.

Majority views regarding in particular the following can be drawn from the Reports and those can thus likely be covered in a resolution:

- a large majority of the Groups (90%) consider that descriptive use should be available as a defence to an allegation of trade mark infringement;
- a large majority of the Groups (90%) is of the view that the descriptive use defence should not only be available as a defence in respect of word trade marks;
- a large majority of the Groups (95%) considers that in order for the descriptive use defence to succeed, the use should be "honest", "fair" or an equivalent thereof;
- a large majority of the Groups considers that the following factors should be taken into account when assessing the requirement of honest or fair use (or an equivalent thereof):
 - o the reputation of the invoked trade mark (85%);
 - o the use affects the value of the invoked trade mark by taking unfair advantage of its distinctive character or reputation (95%);
 - o the use gives the impression that there is a commercial connection with the trade mark owner (95%);
 - o the use discredits or denigrates the invoked trade mark (85%);
 - o the product is presented as an imitation or replica of the product bearing the invoked trade mark (95%);
 - o the way the sign is used (80%).
- a majority of the Groups is of the view that there should be no restrictions on the type of acceptable evidence and that all kinds of evidence should be acceptable;
- a large majority of the Groups is of the view that it should be possible to invoke the descriptive use defence in:
 - o court proceedings (civil) (95%);
 - o court proceedings (criminal) (80%).

On the following issues there seems sufficient support to explore whether these can be included in the Resolution, but it may be more difficult to find majority support:

- in respect of the factors to be taken into account when assessing the requirement of honest or fair use (or an equivalent thereof),

- concerning the "way the sign is used", several Groups make suggestions as to what is relevant in this respect; of these, in particular whether or not the sign is used as a source identifier may be considered for inclusion in the Resolution;
 - 50% of all Groups consider that it is also a relevant factor whether the party invoking the defence was aware of the invoked trade mark;
 - several Groups emphasise that other factors can play a role which cannot necessarily be predefined, and that each case should be assessed on its own, considering all relevant factors;
- on the question whether it should be possible to invoke the descriptive use defence in the following proceedings, the Groups are more or less split:
- court proceedings (administrative) (55%);
 - IP office: (50%).

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