

Trade mark law

I. Introduction

- Marks and symbols were applied to indicate ownership by traders in the ancient times.
- Function of trademark was simply to indicate the source or the owner of the goods or animals.

- ❑ Around the beginning of the 20th century an important change to the traditional role of trademark occurred.
- ❑ In this period, trademarks shifted from being merely indicators of origin to valuable assets in their own right

- ❑ Trademarks became instrumental to **build consumer goodwill.**
- ❑ Indeed, the mark itself (accompanied by advertising) gave rise to a desire for product that was distinct from a desire based on a belief that the product would be of a particular quality.
- ❑ The trademark serves more as a marketing tool, and less as a means of identifying a product's source.

- The traditional and the modern notion of trade make functions to identify source and build commercial reputation, recent developments demonstrate that trade mark extends beyond a mark or a symbol to encompass the personality, style, or aura associated with

II. Objectives of the chapter

- ❑ Understand the basic notions of trademarks law
- ❑ Explain the justification for trademarks law
- ❑ State the procedures for registration of trade marks
- ❑ Analyze the grounds for refusal of trademarks registration
- ❑ Discuss issues related to infringement and enforcement of trademarks
- ❑ State the basic features of international conventions on trademarks

Definition of trade mark

- ❑ Proclamation No 501/2006 provides definition for the term trade mark.
- ❑ “Any visible sign capable of distinguishing goods or services of one person from those of other persons. It includes design, letters, numerals, colors or the shape of goods or their packaging or the combinations thereof” Art 2 (12)

- From the definition it can be grasped that a trade mark is a **brand name**, **a designation for a particular type of good** or **service** that comes from a particular producers with some attribute.
- **Trade mark** is a device used by a particular trader to identify goods or service as well as to distinguish the goods and services from others.

- ❑ A trade mark identifies one product from others and the heart of the definition is **this identification or distinguishing role of a trade mark.**
- ❑ According to Ethiopian proclamation definition **any visible sign** could be a trademark so long as that sign is capable of distinguishing goods or services of one person from others.

- Example of signs provided in the definition
 - ✓ words, designs, letters, numerals, colors or the shape of goods or their packaging ..
 - ❑ Is the list Exhaustive or indicative ?

- In some jurisdiction, trademarks consists of sounds and smells, but not in Ethiopia.

Products or packaging attribute

- ❑ shapes of goods or their packaging are protected as trade mark in the proclamation.
- ❑ But, there could be a situation where the features are primarily functional rather than indicative, which may precludes recognition as trade mark.

- According to Fikremarkos book, in general to be registered as trademark features should satisfy two conditions. They must be **distinctive** and **non-functional**.
- No protection provided for functional features for two reasons
 1. such protection would hamper competition
 2. such protection undermine the policies of patent (technical functionality) and industrial design

III. Justification for trade mark protection

- **Can we utilize the rationale for copy right and patent here?**
- While rationale for copyright and patents is basically providing an **incentive** or **reward** for innovation and scientific creativity, this rationale not appear to be the same for trademarks. _

- The rationale in trade marks is not to encourage people to come up with innovative trade mark or high quality trade marks but rather to produce quality or at least consistent quality goods and service.
- Trademarks reward the manufacturer who consistently produces high quality goods.

- **Thus, trademarks protection has its own justification.**

❑ **1. Information**

- ❑ Perhaps the most convincing arguments for the protection of trade signs is that they operate in the public interest insofar as **they increase the supply of information to consumers and thereby increase the efficiency of the market.**
- ❑ These arguments highlight the fact that trademarks are a short hand way of communicating information that purchasers need in order to make informed purchasing choices.

- The rationale for trade mark protection could be also be explained in terms of promoting economic efficiency, by reducing consumer transaction costs, “search costs.” (by provision of information)

2. Ethical Justification

- The main ethical ground for the protection of trademarks is based on the idea of fairness or justice.
- In particular, it is said that a person should not be permitted 'to reap where they have not own'.
- More specifically, it is said that by adopting 'someone else's mark, a person is taking advantage of the goodwill generated by the original trade mark owner'.

- Through this agricultural metaphor, the justification for protecting trademarks is linked to the broader arenas of the protection of traders against ‘unfair competition’ and ‘unjust enrichment’

- Other ethical arguments have also been used to justify trade mark protection. For example, it is sometimes argued that the misuse of trademarks is justified by reference to moral norms which treat truth-telling as a core good (rather than as necessary for the maintenance of efficient markets). As such it is argued that the law ought to allow a person who suffers harm as a result of lying to bring an action against the liar.

- Misrepresentations as to the source of goods are equivalent to lying or deception and are simply wrong. While arguments of this sort would justify the law of trademark in some form, they would not appear to justify the protection of one trade mark owner against the innocent adopter of a mark, nor against uses which the public would not understand as indicating a business connection with the owner. As such, it would only support a very

IV. Trademarks protection **justifications in Ethiopia case**

□ Preamble of Proclamation No **501/2006**

1. It is necessary to protect the reputation and good will of business ...by protecting trade marks to avoid confusion b/n similar goods and service.

2. trade marks, in the course of free trade play an important role in **guiding consumers and protecting their interest.**

3. It could have positive impact on the national **economy advancement** and especially on the trade and industrial development in the

V. Acquisition of rights and registration of trademark

Acquisition of rights

- It is asked how and when a person may acquire rights over trademark.
- In particular, it is asked if a person could obtain trademark right by attaching a mark over his goods or service or even by advertising his desire to use the mark in the future in connection to his products or services.

- Certainly, trademark right is not **automatic** to the use of the mark over goods or services.
- In many countries right in trademark emanates from prior use, and registration, or only from registration of the mark.

- The concept of **prior use** has been hatched and developed in the common law trademark law.
- As such, prior use is understood as the actual use of a mark in the market place over a reasonably extended period of time.
- It has the same effect with **registered trademarks**. Thus, like an owner of trademark by registration, he (the prior user) can prohibit similar or identical use of the mark by others. However, while objecting to similar marks, the prior user assumes the burden of proving that his mark was actually in use in the market place for some reasonably longer time before the use of the mark by the defendant.

❑ The other most common acquisition of trademark is registration. According to this method, rights in trademark become effective only after a duly established authority registers it. In many countries, rights in trademark are acquired by registration. Our country is one of them.

❑ **As per Art.4**, a right in trademark is acquired and is binding on third parties upon the grant of a trademark registration.

Registration of trade mark

- ❑ Many countries **require registration** of trademarks as a validity requirement.
- ❑ Some authorities resist the registration system as **complicated**, **expensive** and **unnecessary**.
- ❑ it is believed that the advantages of the

It is argued that the registration of trade mark would enable third parties to discover whether other traders had claimed the right to use a particular sign and, where necessary, to locate the proprietor of the sign.

❑ Under our trademark registration and protection proclamation, the registration process can be divided into **four** stages:

I) filing of the application,

ii) examination,

iii) publication, opposition,

and

iv) registration

VI. Application, Examination and registration

1. Application

- ❑ An application shall be made in accordance with Art 8 of the proclamation.
- ❑ Application for registration
 - shall be made in prescribed form
 - With payment of prescribed fee
 - To EIPO (1)

- ❑ **An application should be cover only one trade mark.**
- ❑ **No option provided for lodging more than one trade marks in a single application. (prohibition of series mark) (Art 8(2))**
- ❑ **The application should lodged with**
 - ✓ **3 copies of the trade mark**
 - ✓ **List of goods and services the trademark is requested**
 - ✓ **Power of attorney, if the application filed by an agent**
 - ✓ **Proof of payment of fee.****(Art 8(3))**

- ❑ It is possible to withdraw the application **any time before decision.** (Art 9)

2. Examination

- ❑ Examination is expected to be conducted whether **formality requirement (Art 8)** and **substantive requirement (Art 6 and 7)** are complied or not?__To check the existence of **refusal grounds** too. (Art 11)

- Such examination is to protect **not only the interest of consumer** but **that of the competitors**.
- **Right to priority** can be claimed by any applicant who has registered his/her/its trade mark abroad, with in 6 months, with copy of the earlier application and other documents and information. (Art 10)

3. Publication

- ❑ Publication of trade mark is required when the application is accepted as per Art 12 of the proclamation.
- ❑ The publication is to invite opposition.
- ❑ Publication enables owners of prior rights to oppose registration.

- ❑ Publication shall be made in **intellectual property Gazette** or **in the News paper with nationwide** circulation; this may be supplemented by radio or television broadcast or website.

VII. An opposition application (Art 13)

- ✓ In writing
- ✓ State grounds of opposition
- ✓ Attach the supporting documents
- ✓ Payment of prescribed fee

(Art 13 (1))

- The copy should be send to the applicant, the applicant has the right to furnish counter statement and the counter statement shall be furnished to the oppose. (Art 13 (2-4))

VIII. Registration of trademarks and issuance of certificate (Art 15)

- ❑ up on payment of fee**
- ❑ Fulfillment of conditions should be there.**
- ❑ No opposition, if any opposition has been rejected.**

IX. Notification of registration

- ❑ Notification of registration has to be made in accordance with Art 16
 - ✓ in an intellectual property gazette or in news paper having nation wide circulation, or in radio or television or website
 - ✓ in expense of the applicant.

- **Right to appeal (Art 17)**

□ Appeal on final decision on the registration of trademark is a right of any person aggrieved with in 60 days.

X. Eligibility of trademarks for registration

- ❑ The standard for the eligibility of trademarks for registration is basically determined whether the mark is **distinctive**.
- ❑ Art 5 (1) of the proclamation states that “Any trade mark that is capable of clearly **distinguishing** goods and services of a person from those of other persons shall be eligible for registration.”

- ❑ Eligibility of a trademark for registration is correlated or interlinked with its **distinguishing function.**
- ❑ That means all trademarks cannot be registered , particularly those incapable of distinguishing the goods and services from those of others.

□ Generally, a trademark shall be eligible for registration if it fulfills the following conditions:

1. It must be a sign as defined under Art.2 (12) which includes words, designs, letters, numbers, colors or the shape of goods or their packaging or the combination thereof;

2. It must be capable of being represented graphically as envisaged under Art.8(3)(a);
3. It must be capable of distinguishing goods or services of one person from those of others;
4. It must be used or proposed to be used in relation to goods and services;
5. The use must be for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be,
6. And some person having the right, either as proprietor or by way of permitted user, to use the mark.

- The requirement of distinctiveness

As Fikremarkos Book

- ❖ Generally, a **sign** is **distinctive** when consumers of that particular or service **recognize it as identifying** the goods or service in question from a particular trade source.
- ❖ In line with the main function of trademark is to assist consumers in identifying goods and services, distinctiveness of the mark is the heart of **trademark protection.** —

- Distinctiveness is a relative term and the degree of distinctiveness and the understanding of the persons to whom the sign is addressed would require consideration.
- Distinctive marks involve little or no description of the goods or services to which they are attached; rather they have a high degree of uniqueness.

- Therefore, distinctiveness basically address the relationship between the **mark** and the **goods it seeks to represent**.
- Some marks are inherently **distinctive** because they do not generally provide direct information about product or service.

- Three Types of Words or marks considered inherently distinctive.

1. **“fanciful”** words or marks consisting words like Sony and Kodak.

- Apart from identifying the origin of goods and services and having no **prior existence in a language** such marks do not affect other competitors.

2.Arbitrary Marks:- are ordinary words of language with no particular connection to the **goods** or **services** they are attached to.

❑ **Apple Computer, Atlas Bread, Orange Telecommunication**

✓ **These two marks (Fanciful and arbitrary) usually require extensive advertising to known to the consumers.**

❖ But they are generally **meaningless** and **considered** **inherently distinctive**.

3. **Suggestive Marks:-** such as **comfort mattress, Anbesa Meat**, hint at some of the properties of the goods or services they represent.

➤ The connection b/n the terms and the product (the meat) is not straight forward as some degree of imagination.

Signs ineligible for trade mark registration

- ❑ Trademarks are inadmissible for registration if they fail to meet one or more of the conditions for eligibility of trademarks for registration.
- ❑ In addition to the exclusion of marks that may be implied from the condition for trademark registration, the trademark law lists several grounds for inadmissibility of marks for trademark registration.
- ❑ For simplicity the grounds for exclusion of marks can be divided into: **absolute ground**, and **relative grounds for refusal**.

• Absolute grounds for refusal

□ Absolute grounds for refusal refer to the exclusion of marks on the basis that they contravene with the substantive requirements. These include the following categories of trademarks:

1. Non-distinctive

2. Descriptive marks

3. Mis descriptive marks

4. Marks contrary to public morality

2. Relative grounds for refusal

□ The relative grounds for refusal are envisaged under Art.7. These provide that a trademark shall not be registered if, when compared with an earlier mark, it is found that;

1. The marks are identical and the goods or services are identical
2. The marks are identical, and the goods or services are similar, and there is a likelihood of confusion, which includes the likelihood of association with the earlier mark

3. The marks are similar, and the goods or services are either identical or similar, and there is likelihood of confusion, which includes the likelihood of association between the marks
4. The marks are either identical or similar, and the goods or services are not similar, and where the earlier trademark has a reputation and use of the applicant's trademark would take unfair advantage of, or be detrimental to the earlier trademark

• Exploitation and use of trademarks

- In its early days, a trademark was meant to indicate sources only.
- As such traders did not have a proprietary right over their marks.
- However, gradually, and largely due to the proliferation of commercial enterprises since the early 20th century, trademarks turned out to be assets in their own right.

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- Now trademarks are treated as forms of property that can be used and exploited by the trademark owner.
- Like other intellectual property rights, trademark law provides both exclusive rights and limitations.

• Proprietorship

- ❑ As per Art.4 ownership right in trademark is acquired by registration. By implication, the owner of a trademark is the person who registers it.

- **Co-ownership**

- ❑ Two or more people can own a trademark. From this arises a potential problem as to whether one co-owner can utilize the trademark without the consent of other co-owners.
- ❑ Ethiopian trademark law does not as such provide how each co-owner may utilize their rights. However, it sounds to assume that if there are no contract between the co-owners of a trade mark, each of the co-owner is entitled to equal undivided share in the registered trade mark.

- ❑ This also implies that each owner is permitted to do for his own benefit and without the need to account to the other, any act which would otherwise amount to an infringement of the registered mark.
- ❑ As regards the assignment and licensing of trademarks, Art 28(3) provides a that “share in a trademark, which is subject of ownership, may not be transferred without the consent of all the co-owners.

- **Modes of exploitation**

- ❑ Trademarks can be exploited in different ways. The most common technique is for the owner to exploit the mark by himself.
- ❑ However, trademarks can also be exploited through assignment, license, succession or mortgage

• **Self-exploitation**

- ❑ Often self-exploitation involves making the goods, applying the mark, and selling the goods. While a trademark owner may do all those acts by himself, he can use third parties.
- ❑ For example, a trademark owner may use goods manufactured by some one else, contract manufacture, to which they apply his marks. In these circumstances, the mark is not used to indicate that the goods were manufactured by the trademark owner. Instead, the mark indicates that the goods were selected and approved by the trademark owner

• Assignment

- ❑ An assignment refers to a transfer of ownership of the trademark. As a result of an assignment, the assignee stands in the shoes of the assignor and is entitled to deal with the trademark as he or she pleases.

- Any assignment of trademark is subject to substantive and procedural requirements.
- These requirements basically pertain to the consent of the co-owner, if any, and registration of the assignment by the registrar (office of intellectual property).
- In order for an assignment to be valid, the office must register it. It also seems that the registration of assignment of trademark is subject to notification requirements under Art 16.

- The registration requirement serves a greater role in protecting consumers from confusion or mistake.
- It should also be noted that in situations where more than one party owns that trademark, each co-owner must consent to such an assignment. It follows that a full assignment of a mark would require the cooperation and signatures of all co-owners.

- **License**

- The other most common mode of exploitation of trademarks is licensing of the trademarks.
- In general, a license is an authorization to use a trademark that would otherwise be prohibited without the consent of the trademark owner.
- In other words, a license enables the licensee to use the trade make for specified goods or services without infringing.
- Thus, so long as the use falls within the terms of the license, the licensee is immune from an action by the trademark owner.

- Usually, license takes **two** forms:
exclusive and
non-exclusive license.

□ An exclusive license is an agreement according to which the trademark owner not only confers permission on the licensee to use the trademark, but also promises that he will not grant any other license. Moreover, an exclusive license bars the licensor from exploiting the trademark, unless the license contract allows the licensor to use the trademarks for himself. In effect, an exclusive license confers a right in respect of the trademark to the exclusion of all others including the licensor, as the case may be.

- A non-exclusive license is merely a permission to use a trademark for certain duration. Its distinctive feature is that it does not prohibit the owner of the trademark from granting further licenses to third parties or from using the trade mark himself. But, like exclusive license, it must be made in writing.

- **Duration and Renewal of registration of trade marks**

- ❑ According to Article 24, the registration of a trade mark remains valid for a period of seven years from the date of submission of the application for registration.
- ❑ However, this does not mean that the trade mark would be a public domain right after the seven years period. Unlike the patent system, the jurisprudence of the trademark law always allows for indefinite renewal of trade mark registration. In this regard, Article 25 provides that 'registration of trademark may, upon request of the owner, be renewed for consecutive periods of seven years'.

- ❑ No provision under the trademark registration proclamation envisages a time limit for renewal of trademark registration. Thus, the trademark owner can in no way be discouraged by the initial shorter duration of his trade mark right.

- ❑ The renewal of the trademark registration meets two related objectives.
- ❑ 1. it encourages the trade mark owner to maintain the quality of the goods or services to which the trade mark is attached.
- ❑ And 2. the use of a trade mark by a single, particularly known trader or company enhances the experience of the consumer to identify the source of the product.

❑ The purpose of the renewal of trademark registration is to recover rights which otherwise could have been expired upon the end of the seven years period.

❑ Thus, the applicant for renewal of trade mark registration cannot make changes in the trademark or in the list of goods or services in respect of which the trade mark is registered.

- **Renunciation, invalidation and cancellation of right on a registered trade marks**

- In spite of the examination process, the trade mark register is not a guarantee of the validity of trade marks. As such, a registered trademark can always be removed from the register after registration. There are three reasons why a mark might be removed from the register. The first is if it is **renounced by the owner himself** as set out under Article 34. The second is if it is held to be **invalid**. And the third reason why a mark might be removed from register is **cancellation for non-use**.

- **Renunciation of right**

- Article 34(1) provides that ‘ the owner of a registered mark, who wishes to renounce the registration of a mark either wholly or in respect of part of the goods or services for which the trade mark is registered, may submit his application to the office for cancellation of the registration of the trademark’.

- **Invalidation**
- The other reason that removes a mark from registration is when the registration is held to be invalid. The grounds for invalidation are set under Articles 6 and 7. These provide that a mark may be declared invalid on the basis that it was registered in breach of one of the absolute or relative grounds for refusal. According to Article 36, the registration of a trade mark may be invalidated, by a written request of any interested person or by the office, in its own motion.

- Like the ordinary law of contract, the decision declaring invalidation of registration of a trademark is effective as of the date of registration. However, there is an exception to this retroactive effect of invalidation registered of trademark. The exception as envisaged under para.2 of Article 37 provides:
- When the trademark has been subjected to a license and the licensor has benefited from the license contract, the invalidation of the registration shall not enable the licensee to claim the repayment of money.

- **Cancellation**

- The most common reason why a trademark registration may be cancelled is on the basis of non-use. This reflects the notion that protection for marks is justified as a result of their use. As explained by a South African court, the general purpose of cancellation is:

- To restrict the monopoly and protection conferred by registration to the proprietor's legitimate and actual trade requirements and to avoid the inconvenience, cost, oppression, and interference with trade that would result from allowing trademarks to be registered with the intention, not of using them but merely of preventing other traders from using them.

- The ground for cancellation of registered mark on the basis of non-use is limited by the relevant period of non-use.
- Article 35 (2) provides that a trademark may be cancelled on the basis that, during a continuous period of at least three years preceding the date of the request for cancellation of the trademark, it has not been put in Ethiopia, by the proprietor, or a licensee in respect of any of the goods or services for which it was registered. The only exception to this is when the owner or a licensee proves that the non-use of the trade mark was due to force majeure

- **Infringement and remedies**

- Infringement**

- One of the most important rights secured under the trade marks law is the right to proceed against identical or similar use of marks on the basis that there is a likelihood of confusion with the registered mark.

□ While trademark infringement proceedings will normally be brought by the owner of the mark, it is possible for an action to be brought by an exclusive license. It should be noted that the rights of the proprietor are enforceable against third parties with regard to acts done after the

- ❑ The rights continue for seven years, and may be renewed, possibly indefinitely, for further seven years.
- ❑ In order to determine whether a trademark has been infringed, it is necessary to compare the registered mark with the alleged infringing sign. The circumstances in which a mark may be infringed are stated under Art.7. These are where

1. The marks are identical and the goods or services are identical

2. The marks are identical and the goods or services are similar and there is a likelihood of confusion, which includes the likelihood of association

3. The marks are similar, and the goods or services are either identical or similar, and there is a likelihood of confusion, between the marks
4. The marks are either identical or similar, and the goods or services are not similar, and where the registered mark has a reputation and use of the defendant's mark would take unfair advantage of, or be detrimental to the distinctive character or the repute of the registered trademark.

- **Remedies**

- The remedies for infringement under the trade mark registration and protection consists of **provisional measures, civil remedies** that include injunctive relief and an accounting for profits, and **criminal sanctions**.

- **Provisional measures**

- It is often said that ‘prevention is better than cure’
- The trademark registration and protection proclamation seems to give adequate weight to the **prevention mechanism** (or provisional measure, as it stands under the proclamation).

- As such, Article 39(a) states that ‘a court shall order prompt and effective provisional measures to prevent an infringement of a right from occurring, in particular to prevent the entry into the channels of commerce of import and export goods after completing customs formalities.

- In addition to the preventive functions of provisional measures, Article 39(b) provides that provisional measure may be in order to preserve relevant evidence in regard to an alleged infringement of a right.

Civil remedies

- According to Article 40 the civil remedies take the form of permanent injunction and accounting of profits.

I. Permanent Injunction

- A permanent injunction is granted, in favor of the plaintiff, after infringement of trade mark rights by the defendant is proved.
- Once ordered, permanent injunction prohibits the defendant from continuing the act of infringement. As such, permanent injunction guarantees the plaintiff from further infringement by the defendant. It also, though incidentally, protects the public from deception.

- **II. Accounting of profits**

- Article 40(1) (b) cum. Sub article (2) allows the plaintiff to recover profits gained from the use of the trademark, or alternatively the amount of royalty the defendant could have been charged had he used the trademark under the license contract.
- All the plaintiff has to demonstrate is the defendant's gross income; the burden is upon the defendant to prove items of cost. In other words, the plaintiff is required to prove only the total amount of the defendant's sales and need not worry about what portion of those gross sales are attributable to the cost of the items, advertising, administrative costs, and any other expenses that are deductible from gross amounts to determine profits.

- **Criminal Sanctions**

- In many countries, trade mark infringements are conventionally classified as civil matters. As such, the remedy for a trademark owner for infringement is to seek compensation, and/or injunction, and/or destruction of the infringing devices.
- However, mainly due to the insufficiency of the civil remedies to control the malady of piracy, some states have started to use the army of criminal sanction to strengthen the enforcement measures of trademarks rights.

- One of the substantial advances envisaged under the new trade mark registration and protection proclamation is the incorporation of criminal sanctions, in addition to provisional and civil remedies. The criminal sanctions apply not only to acts committed intentionally but also to those acts committed with gross negligence.
- The severity of the criminal sanction varies depending on the supposed degree of knowledge of the infringer. Where it is ascertained that the defendant has intentionally infringed rights protected under the trademark registration and protection proclamation, he would be punished with rigorous imprisonment of a term not less than 5 years and not more than 10 years. But, in the case of gross negligence, the punishment ranges from 1-5 years of gross negligence. However, it must be noted that the criminal sanctions under the trademark registration and protection proclamation are applicable only where the criminal code does not impose heavier penalty.