

## Experience with the New Austrian Trademark Law as amended in November 1999

(by Dipl.-Ing. Helmut Sonn, March 2001)

We have a new trademark law in Austria since the summer of 1999.

Our new law takes into consideration in particular the Directive (89/104/EEC), the Regulation (EC No 40/94), Austria's ratification of the Madrid Protocol, and the TRIPS Agreement.

In accordance with Section 1 of the Trademark Law, the concept of the trademark is newly defined in verbal agreement with the Directive (Art. 2) and the Regulation (Art. 4):

Sec. 1 Trademarks may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

On the basis of this new legal provision, Austrian Examiners are already taking a more liberal attitude in the examination of trademarks. It is now principally possible to obtain trademark protection for signs consisting of letters (not pronounceable together) or numerals only. The same holds for sound trademarks, not however for fragrances.

It is essential to note that the former Sec. 3 Trademark Law does no longer exist. According to that former legal provision, a trademark right could only be acquired by a party having a business from which the respective goods or services could originate. Now every individual or legal entity may obtain trademarks, also for the purpose of having them used by others or selling them.

Absolute bars to registration are, again in analogy to the Directive (Art. 3) and the Regulation (Art. 7), summarized in Sec. 4 Trademark Law as follows:

- Sec. 4 (1) Excluded from registration are signs which
1. exclusively consist of
    - a) armorial bearings, flags or other State emblems or of armorial bearings of Austrian provincial corporate bodies and communities,
    - b) official signs and hallmarks indicating control and warranty introduced in Austria or, according to a notice to be published in the Federal Law Gazette („Bundesgesetzblatt“) (Sec. 6 subsec. 2), in a foreign country for the same goods or services for which the mark is intended or for similar goods or services,
    - c) emblems of international organisations to which a member state of the Paris Convention for the Protection of Industrial Property belongs, provided that these emblems have been announced in the Federal Law Gazette. The provisions of Sec. 6 subsec. 2, last sentence, are to be applied to such notices;
  2. cannot constitute a trademark according to Sec. 1,

3. are devoid of any distinctive character,
4. consist exclusively of signs or indications which may serve, in trade, to designate the kind, the quality, the quantity, the intended purpose, the value, the geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service.
5. consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade.
6. consist exclusively of the shape which results from the nature of the goods themselves, or the shape of goods which is necessary to obtain a technical result, or the shape which gives substantial value to the goods.
7. are contrary to public policy or to accepted principles of morality.
8. are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service.
9. contain a geographic indication or consist of such geographic indication by which wines are characterised and which are destined for wines which do not have this origin, or by which spirits are characterised and which are destined for spirits which do not have this origin.

(2) However, in the cases of subsec. 1, paras. 3, 4, and 5, registration shall be admitted if the sign has acquired a distinctive character through use within the circles concerned in this country, prior to its date of application.

In view of the above shown provision of Sec. 4 (1) 3 (devoid of any distinctive character) a minor degree of distinctive character should suffice for the registrability of a sign. However, our case law is not unitary in that regard.

According to Sec. 4 (1) 5, in connection with Sec. 4 (2) Trademark Law generic terms, as opposed to our former law, can now be trademark protected, provided that they have acquired secondary meaning. It is to be assumed, however, that the degree of acquired secondary meaning expected for such protection will be extremely high, so that registration will hardly be achievable.

Even though the shape of goods as such can be protected according to Sec. 1 Trademark Law, such protection is limited by Sec. 4 (1) 6. Three dimensional trademarks have been protected in Austria since 1928, not however, the shapes of the goods themselves. It is unlikely that there will be substantial changes in practice, as virtually any product shape may be subject to one of the three reasons for exclusion. The bars of Sec. 4 (1) 6 Trademark Law cannot be overcome with proof of acquired secondary meaning, so that we have to expect that the shapes of goods will hardly be protectable.

The rights that can be derived from a trademark are defined in Sec. 10 Trademark Law in analogy to the Directive (Arts. 5 and 6) and the Regulation (Arts. 9 and 12):

- Sec. 10 (1) Provided that older rights are taken care of, the registered trademark shall confer on the proprietor the exclusive right to prevent third parties not having his consent, from using in the course of trade,
1. any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is

registered.

2. any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trademark.

(2) The proprietor of a registered trademark shall also be entitled to prevent third parties not having his consent, from using in the course of trade, any sign which is identical with, or similar to, the trademark in relation to goods or services which are not similar to those for which the trademark is registered, where the latter has a reputation in this country and where use of that sign, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark. The older trademark must have been known at the latest, on the date of application of the younger trademark, or, if applicable, at its date of priority or seniority, or at the time of creation of the younger characterising right.

(3) The registered trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

1. his own name or address,
  2. indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services,
  3. the trademark, where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts,
- provided he uses them in accordance with honest practices in industrial or commercial matters.

As has been shown, a well-known registered trademark will enjoy broader protection (the right to prohibit also with regard to goods and services not similar to those for which the trademark is registered). However, apart from the notoriety of the older trademark, the conditions will have to be fulfilled that use of the younger trademark without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the older trademark. It has to be shown that these conditions are fulfilled. Moreover, this broader protection need not necessarily extend to all goods and services.

Paragraph 3 above is to protect the trade with regard to signs and indications it requires.

In analogy to Art. 5 (3) of the Directive and Art. 9 (2) of the Regulation, the types of trademark use are defined in Sec. 10a Trademark Law as follows:

Sec. 10a The following shall in particular be considered use of a sign for characterising goods or services:

1. affixing the sign to the goods, to their get-up, or to articles in respect of which the service is rendered or is to be rendered,
2. offering the goods or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder,
3. importing or exporting the goods under the sign,

4. using the sign on business papers, in announcements or in advertising.

Thus, the mere importation and exportation, with some contact to the internal market, be it only via a customs warehouse, are considered use of a trademark.

According to Art. 10 of the Regulation, Sec. 13 of our Trademark Law has been formulated as follows:

Sec. 13 (1) If the reproduction of a registered trademark in a dictionary, encyclopaedia, or similar reference work gives the impression that it constitutes the generic name of the goods or services for which the trademark is registered, the publisher of the work shall, at the request of the proprietor of the trademark, ensure that the reproduction of the trademark, in the next edition of the publication at the latest, is accompanied by an indication that it is a registered trademark.

(2) Subsec. 1 shall also hold for reference works, electronically stored and accessible to the public via electronic networks. In such cases, a new edition shall be a substantial change of the contents of such reference work.

It is, thus, the duty of the trademark proprietor to make sure that his trademark does not turn generic via data collections, dictionaries and encyclopaedias.

According to Art. 8 of the Directive, the question of licenses is regulated in Sec. 14 Trademark Law as follows:

Sec. 14 (1) The trademark may be licensed for some or all of the goods or services for which it is registered, and for the whole or part of the territory of Austria, with the license being exclusive or non-exclusive.

(2) The proprietor of a trademark may invoke the rights conferred by that trademark against a licensee who contravenes any provision in his licensing contract with regard to

1. the duration of the license,
2. the form covered by the registration in which the trademark may be used,
3. the scope of the goods or services for which the license is granted,
4. the territory in which the trademark may be used, or
5. the quality of the goods manufactured or of the services provided by the licensee.

The legal provisions on the application and register entries read as follows:

Sec. 16 (1) The trademark register shall be kept by the Patent Office.

(2) A trademark shall be applied for to the Patent Office in writing. Insofar as it does not consist solely of numbers, letters or words, without pictorial layout and no specific typographical form is claimed, a representation of the trademark, for sound trademarks, in addition to a representation of the trademark in written music or sonagram, moreover, a sound representation of the trademark on a data carrier, shall be submitted. The number of trademark representations to be submitted, their quality and size, as well as the data carriers to be used for sound

representation, and details of the sound representation, such as format, scanning frequency, resolution, and duration will be laid down by decree.

(3) The goods or services for which the mark is intended (list of goods and services) shall be stated in the application for registration; the more specific requirements for the list of goods and services and the number of lists to be submitted shall be laid down by regulation.

(4) In the regulation to be proclaimed by the President of the Patent Office according to subsec. 2 and 3, consideration shall be given to the requirements of the registration procedure, as well as to the registration, printing and publishing of the mark.

The representation of the mark must not exceed 8 x 8 cm (can be taken care of by us). The specification of goods and services has to be classified and arranged according to the List of Goods and Services of the Nice Agreement (can also be taken care of by us).

Sec. 17 (1) When registering a mark, the register of marks shall contain the following entries:

1. the mark,
2. the registration number,
3. the day of application for registration and priority claimed, if any,
4. the proprietor of the mark and his representative, if any,
5. the goods and services for which the mark is intended, arranged according to the international classification (Nice Agreement concerning the international classification of goods and services for the registration of marks, Federal Law Gazette No. 401/1973 in its actual wording),
6. the beginning of the duration of protection,
7. the indication, if appropriate, that the mark has been registered by virtue of attestations of a secondary meaning.

(2) If the registration takes place on the basis of an application for conversion, a reference is to be included in the register. Moreover, the following shall hold:

1. If the registration is based on an application for conversion, according to Art. 108 of the Regulation (EC No. 40/94), the day of application in the sense of subsec. 1 para. 3, shall be the day of filing of the Community trademark in the sense of Art. 27 of that Regulation. If applicable, also the seniority, according to Art. 34 or 35 of that Regulation, is to be entered in the register.
2. If the registration is based upon an application for conversion according to Art. 9quinquies of the Madrid Protocol on the International Registration of Marks, Federal Law Gazette III, No. 32/1999, the date of application in the sense of subsec. 1 para. 3, shall be the date of the international registration in the sense of Art. 3, subsec. 4, or the date of the registration of the territorial extension in the sense of Art. 3<sup>ter</sup>, subsec. 2 of the Protocol. If applicable, the seniority of the trademark according to Art. 4<sup>bis</sup> of the Protocol shall also be entered in the register.

(3) Marks consisting solely of numbers, letters or words without pic-

torial layout and for which no specific typographical form is claimed shall be entered in capital letters or Arabic numerals.

(4) The proprietor of the mark shall receive official confirmation of the entries in the register according to subsec. 1.

(5) The mark shall be published after its registration.

(6) The register of marks and the catalogue of its contents shall be open to public inspection. A certified copy of the entries shall be written out upon request.

As before, every trademark application is examined as to conformity with legal stipulations (Sec. 20 Trademark Law – absolute bars). Exceptions are trademarks on the basis of applications for conversion from a Community trademark that had already been registered (see following Sec. 69c Trademark Law) and from an international registration where at the time of cancellation the deadline for rejection had elapsed (see following Sec. 70 Trademark Law).

There is also an examination as to similar trademarks (Sec. 21 Trademark Law). Such is now also possible with regard to international trademarks, and it is (most surprisingly) carried out with regard to previously granted Community trademarks (in respect of which such similarity examination had taken place previously).

Similar older trademarks, however, do not constitute a relative bar to registration. There are still no opposition proceedings in Austria.

The reason for having a trademark cancelled on the basis of an older trademark is stated in Sec. 30 Trademark Law, according to Art. 4 (1) of the Directive and Art. 8 (1) in connection with Art. 52 of the Regulation.

Sec. 30 (1) The proprietor of a trademark filed previously, and still valid, can request cancellation of a trademark, provided that either

1. the two trademarks and the goods or services for which the trademarks are registered are identical or
2. the two trademarks and the goods or services for which the trademarks are registered are identical or similar, and there exists a likelihood of confusion on the part of the public, which likelihood of confusion includes the likelihood of association with the earlier trademark.

(2) The proprietor of a previously filed trademark, still valid, which is well-known in this country, can also request cancellation of a trademark, if the two trademarks are identical or similar, not however registered for similar goods or services, where the use of the younger trademark, without due cause, would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the known trademark. The older trademark must have been well-known on the date of application of the younger trademark or, if applicable, on the date of priority or seniority thereof at the latest.

(3) Actions for cancellation, according to subsecs. 1 and 2 above, are to be rejected if the petitioner had tolerated use of the younger registered trademark for a period of time of five consecutive years, being aware of such use. This

only holds for goods or services for which the younger trademark has been used, and only if the application of the younger trademark was not filed in bad faith.

(4) If an action for cancellation, according to subsec. 2 above, is based on an older Community trademark, it has to be proven that, instead of being known in Austria, the trademark is well-known in the European Community.

(5) The decision concerning cancellation shall be retroactive to the beginning of protection (Sec. 19 subsec. 1).

The proprietor of a well-known mark now enjoys more rights also with regard to the cancellation of trademarks.

Compulsory use has become rigorous in Austria. In this sense, the newly formulated Sec. 33a Trademark Law reads as follows:

Sec. 33a (1) Anyone may demand the cancellation of a mark having been registered for at least five years in Austria or enjoying protection in Austria according to Sec. 2 subsec. 2, provided that this mark has been used for the goods and services for which it is registered seriously in a distinctive manner (Sec. 10a) within the last five years preceding the filing of the action for cancellation within Austria neither by the proprietor of the mark nor by a third party with the proprietor's consent, unless the proprietor of the mark can justify the non-use.

(2) Marks not in use in view of the legal restrictions affecting the goods and services the marks have been registered for, are not subject to cancellation according to subsec. 1, only if they have seriously been used abroad or if because of other circumstances worthy of consideration, an interest meriting protection in Austria has to be acknowledged.

(3) The proprietor of the mark, however, may not refer to a use of the mark which was taken up only

1. after the proprietor of the mark or a licensee had referred to the right to the mark against the petitioner, or
2. after the petitioner had drawn the attention of the proprietor of the mark or a licensee to the non-use of the mark,

provided that the action for cancellation was filed within three months as from the first time one of the acts, according to subpara. 1 and 2, had taken place.

(4) Use of the mark shall be equivalent to use of the mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered.

(5) The use (subsec. 1) has to be proved by the proprietor of the mark.

(6) The decision to cancel shall be retroactive to five years from the day of filing the action, yet to the expiry of the fifth year of the period of protection at the most.

Thus, it is necessary that a trademark be used for the goods and services for which it is registered, so as to be able to maintain it on the register (in former times it was sufficient to show use for similar goods and services).

Moreover, the trademark in actual use, may differ from the registered trademark in very minor aspects only, so as to be able to maintain the trademark on the register (previously, use of a similar trademark was sufficient).

What is new, is the ground for cancellation because of filing in bad faith. Our Sec. 34 Trademark Law has been formulated in analogy to Art. 3 (2)d of the Directive. This provision is to compensate partly for the requirement of a pertinent business that has now been abandoned (former Sec. 3 Trademark Law).

Sec. 34 (1) Anybody may request cancellation of a trademark, if the applicant acted in bad faith when filing the application.

(2) The decision to cancel shall be retroactive to the beginning of protection (Sec. 19 subsec. 1).

What is also new, is that the protection of geographical indications and denominations of origin now belong to the tasks of our Patent Office (Sec. 35 Trademark Law).

As regards the infringement of trademarks, the following provisions have been included in our Trademark Law.

Sec. 51 Any party whose rights from a trademark have been infringed or who has to pursue such infringement may sue for cease and desist.

Sec. 52 (1) The trademark infringer shall be liable to eliminate the unlawful state.

(2) In particular, the party infringed may demand, at the infringer's expense, that the objects infringing his trademark and possibly existing stocks of imitated trademarks (infringing objects) be destroyed and the tools, devices and other auxiliary means (infringing means) exclusively or preferably serving to produce trademark infringing objects be rendered unusable for such purpose as far as this does not affect the material rights of third parties.

(3) If the infringing objects or infringing means referred to in subsec. 2 contain parts whose unchanged existence and whose use by the defendant do not infringe the exclusive right of the plaintiff, the court shall specify such parts in its judgement pronouncing destruction or rendering unusable. When enforcing the judgement, such parts shall, as far as possible, be excluded from destruction or rendering unusable, if the adverse party pays the costs involved therewith in advance.

(4) If, in the enforcement proceedings, it turns out that the rendering unusable of infringing means would require higher costs than their destruction and if these costs are not paid in advance by the adverse party, the court of execution shall order the destruction of these infringing means after having heard the parties.

(5) If the unlawful state can be eliminated in another way than the one stated in subsec. 2, involving no or less destruction of values, the infringed party may request measures of such kind only. The mere elimination of the trademark

from the goods, however, shall suffice only if another type of procedure would result in disproportionate hardships for the infringing party.

(6) Instead of demanding that infringing objects be destroyed or infringing means be rendered unusable, the infringed party may demand that the infringing objects or infringing means be left to him by their owner for an adequate compensation not exceeding the cost of production.

Sec. 53 (1) The party infringed by the unauthorized use of a trademark shall be entitled to adequate compensation from the infringer.

(2) In the case of a trademark infringement in guilt the infringed party, instead of adequate compensation, may demand

1. damages including any loss of profit or
2. the surrender of the profit made by the infringer through the trademark infringement

(3) independent of a proof of damage suffered, the infringed party may request twice the compensation due to him according to subsec. 1, provided that the trademark infringement is based on gross negligence or intent.

(4) The infringed party shall also be entitled to an adequate compensation for any disadvantages, other than such causing financial damage, he suffered because of guilty trademark infringement, insofar as this is justified by the particular circumstances of the case.

(5) Insofar as the same monetary claim is valid against several persons they shall be liable jointly.

Additional court competences (in particular in litigation between foreign trademark owners) are provided for in Sec. 61a Trademark Law.

Sec. 61a Supplementing Sec. 83c JN (Jurisdiktionsnorm – Law on the Competence of the Courts), the place where

1. the representative has his Austrian residence or his Austrian establishment or
2. the person authorized for service has its Austrian residence or
3. without a representative with residence or establishment in Austria or a party authorized for service with residence in Austria, the place where the Patent Office has its seat

shall be the residence or the establishment of a trademark owner that has neither residence nor establishment in Austria for matters concerning the trademark.

As regards Community trademarks, the following stipulations of our Trademark Law have to be taken into consideration.

Sec. 69b (1) The Patent Office shall decide on the admissibility (Art. 108 subsec. 2 of the Regulation (EC) No. 40/94) of a request for conversion of a Community trademark applied for or registered transmitted according to Art 109 subsec. 3 of the Regulation (EC) No. 40/94.

- (2) The party requesting the conversion, upon request by the Patent Office and within a term of two months, which can be extended, shall
1. pay a fee in the amount of the application and class fees (Sec. 18 subsec. 1, Sec. 63 subsec. 2),
  2. submit the required representations of the mark, in the case of sound trademarks, moreover, the sound representation of the mark on a data carrier according to Sec. 16 subsec. 2,
  3. submit a German translation of the request for conversion and the enclosures thereto unless the request for conversion or the enclosures thereto have been transmitted in the German language already and
  4. indicate an address according to Art. 110 subsec. 3c of the Regulation (EC) No. 40/94, unless he is represented by an authorized representative or has named a party authorized for service according to Sec. 61.

(3) If the examination shows that there are reservations against the admissibility of the conversion, the party requesting the conversion shall be asked to file observations within a term set by the Patent Office. If upon the timely filing of observations or after expiry of the deadline, the conversion is held to be inadmissible or if the demand according to subsec. 2 has not been complied with, the request for conversion is to be rejected by decision.

Sec. 69c (1) The request for conversion shall be treated in the same way as a national trademark application and is to be examined for compliance with legal stipulations (Sec. 20) with the exception of the case stipulated in subsec. 2.

(2) If the request for conversion relates to a trademark that had already been registered as a Community trademark, the trademark shall not be examined for compliance with legal stipulations (Sec. 20).

Sec. 69d (1) Community Trademark Court of First Instance in the sense of Art. 91 subsec. 1 of the Regulation (EC) No. 40/94 shall be the Commercial Court Vienna irrespective of the value at litigation. In legal cases where the Community Trademark Court is competent for law suits, the exclusive competence for preliminary injunctions will also lie with this court.

(2) Jurisdiction in criminal matters concerning Community trademarks shall lie with the Regional Court for Criminal Matters Vienna.

As regards trademarks according to the Madrid Protocol, Sec. 70 Trademark Law should be taken into consideration.

Sec. 70 (1) A request for conversion of an international registration has to be identified as such a request and shall contain the number of the international registration. Moreover, within a term of two month, which can be extended upon request

1. a certificate of the International Bureau of the World Intellectual Property Organisation in the form of an original or a certified copy, which shows the trademark and the goods and services to which protection of the international registration had extended until the time of cancellation in the International Register concerning the Republic of Austria and
2. a German translation of all documents unless they are in the Ger-

man language,  
shall be submitted. If the request does not comply with the said requirements, it shall be rejected by decision.

(2) The request shall be treated in the same way as a national trademark application and shall be examined for compliance with legal stipulations (Sec. 20) with the exception of the case stipulated in subsec. 3.

(3) If the request concerns an international registration for which at the time of cancellation the term for rejection according to Art. 5 subsec. 2 of the Protocol had already expired unused, the trademark shall not be examined for compliance with legal stipulations (Sec. 20).