

WORLD TRADE ORGANIZATION

RESTRICTED

IP/Q2/AUT/1

13 August 1997

(97-3389)

**Council for Trade-Related Aspects
of Intellectual Property Rights**

Original: English

REVIEW OF LEGISLATION ON TRADEMARKS, GEOGRAPHICAL INDICATIONS AND INDUSTRIAL DESIGNS

Austria¹

The present document reproduces the questions put to the delegation of Austria and the responses given in the review of legislation on trademarks, geographical indications and industrial designs at the Council's meeting of 11-15 November 1996.²

I. REPLY TO THE GENERAL QUESTION CONCERNING PRIORITY RIGHTS³

Does your country recognize a right of priority on the basis of an earlier trademark application filed in any other WTO Member by a national of a WTO Member?

Yes, applicants from WTO Members may claim priorities from earlier trademark applications in any other WTO Member under the requirements laid down in the Paris Convention.

II. REPLIES TO QUESTIONS POSED BY THE UNITED STATES

Trademarks

General observations

As Austria is a member to the Paris Convention since 1909, the Austrian legal system with respect to marks corresponds with the TRIPS Agreement on a large scale and often establishes protection standards beyond the standards required by the TRIPS Agreement. Nevertheless, already in 1995 efforts have been undertaken to amend the Austrian Trademark Protection Act to comply *expressis verbis* with the provisions of the TRIPS Agreement and to clarify some wordings, but the legislative procedure had to be restarted at the beginning of 1996 due to a dissolution of Parliament and following elections.

¹As regards laws and regulations relevant to the areas under review as notified by Austria under Article 63.2, reference is made to documents IP/N/1/AUT/1, including Revisions and Addenda, IP/N/1/AUT/T/1 and IP/N/1/AUT/D/1.

²The minutes of this meeting are contained in document IP/C/M/11.

³At the meeting of the TRIPS Council of 11-15 November 1996, Members agreed to respond to this question in the context of the present review (document IP/C/M/11, paragraph 43).

At the time being, a new draft to amend the Trademarks Protection Act has been sent out to interested circles for examination and comments. Parliamentary treatment is foreseen for the beginning of 1997.

1. *Articles 1(1) and 16(2) of the Austrian Trademark Protection Law indicate that "special signs" and figures, letters, words, pictorial forms and characters are capable of being registered as trademarks. The list does not include certain types of signs, such as colours, combinations of colours, or alphanumeric marks. Please explain whether these types of signs are capable of constituting a trademark under Austrian law and, if not, please explain how this practice is consistent with Article 15.1 of the TRIPS Agreement.*

Article 1(1) of the Austrian Trademark Protection Law defines "marks" as any "special signs used to distinguish goods or services of an enterprise from similar goods or services of other enterprises" and therefore does not exclude any type of capable signs - e.g. colours or combinations of colours from registration. The quoted Article 16(2), second sentence, which reads in full length:

"When a mark does not consist exclusively of figures, letters or words having no special pictorial form or claim to particular characters, a reproduction of the mark shall be submitted,"

only regulates the formal requirement for applications of so-called "picturemarks" or "word-picturemarks" or marks where a special claim to particular characters is made. As the aforementioned provisions, especially Article 16, do not contain an exclusive list of signs capable of registration and therefore allow any sign capable of distinguishing to be eligible for registration as a trademark, the Austrian practice is consistent with Article 15.1 of the TRIPS Agreement.

2. *Article 3 of the Austrian Trademark Protection Law appears to condition the registration of a mark for goods and services on the mark being produced in the applicant's enterprise or in the enterprise of the acquirer. This provision does not appear to take into account the practice of many modern businesses of having goods produced by others under contract, such goods then being sold bearing the trademark. Please explain whether this provision applies to such situations, and how it is compatible with Section 2 of Part II of the TRIPS Agreement, Articles 15.4 and 20 in particular.*

Article 3 of the Austrian Trademark Protection Law requires the applicant or acquirer of a trademark to have any kind of enterprise the goods or services claimed may emerge from, be it in the form of production, sale or providing a service.

This regulation therefore deals with conditions concerning the applicant and his attributes and does not form an obstacle for registration or registration of transfer based on conditions deriving from the nature of the goods and services.

Laying down requirements in the sphere of the applicant or the acquirer, it is also not inconsistent with Article 20 of the TRIPS Agreement, which requires that the use - not the registration - of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, etc., as it stipulates no special requirements for the use of the trademark.

Nevertheless, the draft to amend the Trademark Law, which is under examination at the time being, proposes the deletion of the regulation in question.

3. *Article 4(1)4 of the Austrian Trademark Protection Law makes unregistrable signs "which contain matter liable to cause annoyance or otherwise infringe public order ...". Please provide examples of signs that fall within this prohibition and explain how this practice is consistent with TRIPS Article 15.1.*

This provision is fully consistent with Article 15.2 of the TRIPS Agreement which states that:

"Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967)."

Article 6 *quinquies* B(3) provides that trademarks may be denied registration "... when they are contrary to morality or public order ...".

Based on this provision the Austrian authorities have refused to register, *inter alia*, trademarks which might have caused annoyance to religious feelings or discriminated sexes, races or nations.

For example, applications for the word "Jesus" for jeans (Decision of the Board of Appeals of the Patent Office, 1977) or a trademark called "Japs" for insecticides have been turned down in the past.

4. *Article 10 of the Austrian Trademark Protection Law states that the right to a mark does not preclude another enterprise from using the same sign to distinguish "other" kinds of goods and services. Please explain whether use by a third party of the same or a similar sign for other kinds of goods or services can be prevented by the owner of a mark where such use would suggest that a connection exists between those goods or services and the owner of the mark and would cause injury to that owner. If this is not possible, please explain how this provision of Austrian law complies with TRIPS Article 16.1.*

This Article in question is currently under examination to be amended in order to comply with Article 16.1 of the TRIPS Agreement.

The proposed draft text, which is in accordance with Community Law, reads as follows:

"§10. The right to a mark shall not preclude another enterprise from using the same sign to distinguish dissimilar goods and services, unless the registered trademark is domestically well-known and the use without due cause of the trademark for dissimilar goods or services would take unfair advantage of or be detrimental to the distinctive character or the reputation of the earlier trademark."

The owner of a well-known mark may already prevent the use of an identical or similar sign for dissimilar goods and services by filing an action with the Commercial Courts based on the provisions of the Law against Unfair Competition, as Austrian jurisprudence and doctrine tend to favour the application of the relevant provisions (i.e. Articles 2 and 9) under the condition that the use of the sign would take unfair advantage of the reputation of the earlier trademark.

Nevertheless, deliberations have been started to amend the Law against Unfair Competition in such a way that the protection of well-known trademarks or trademarks with a reputation even in regard to dissimilar goods or services is regulated, *expressis verbis*.

5. *Article 14 of the Austrian Trademark Protection Law specifies that "signs" will be treated as similar if there is a "likelihood of confusion in trade". Please explain how the determination of "likelihood of confusion in trade" is made, and in particular with regard to goods or services. Please explain how this standard differs from the likelihood of confusion standard embodied in TRIPS Article 16.1.*

To our point of view, the standard embodied in Article 16.1 of the TRIPS Agreement stipulates only that a likelihood of confusion shall be presumed in case of the use of an identical sign for identical

goods or services. There are no other conditions to define "likelihood of confusion" when non-identical signs have to be compared.

The above-mentioned TRIPS standard is implemented, *inter alia*, by Article 30 of the Trademark Protection Law, by authorizing the owner of an earlier registered mark to file an application for cancellation of a younger, identical mark registered for identical goods and services.

Additionally, the Law against Unfair Competition provides in Article 9 the possibility to prevent the use of a younger, identical sign for identical goods and services.

Concerning non-identical signs, the Austrian jurisprudence and administration - through the Nuility Section of the Patent Office - have developed a special casuistry determining the likelihood of confusion.

Some of the basic criteria to be taken into consideration when deciding whether there is a likelihood of confusion between two signs are the following:

- the type of signs to be compared; as Article 14 states, there may also be a likelihood of confusion between a sign consisting only of a word and another sign consisting of a picture;
- as far as signs consisting solely of words are concerned, if they are similar in shape, sounding or meaning (e.g. "Stern" = "Stella");
- if the older sign forms part of the younger one; etc.

6. *Article 31 of the Austrian Trademark Protection Law authorizes a person to apply for cancellation of a mark for identical or similar goods or services on his own on the basis of an unregistered mark that is recognized in the trade as distinctive of his enterprise's goods or services at the time the contested mark was filed. The section does not appear to authorize such a challenge where the goods or services are not similar to those of the party that is challenging the registered mark. Please explain how a party would challenge the registration of a mark for dissimilar goods or services where that mark "would indicate a connection between those goods or services and the owner of the registered trademark" and would likely cause damage to the challenging party, as required by Article 16.3 of the TRIPS Agreement.*

Article 31 of the Austrian Trademark Protection Law authorizes the application for cancellation of a mark by anyone who proves that the unregistered sign he is using for identical or similar goods and services was recognized in the trade concerned as distinctive of his enterprise's goods or services at the time when the contested mark - identical or similar (Article 14) to his own unregistered mark - was filed. This provision is consistent with Article 6*bis* of the Paris Convention. Article 16.3 of the TRIPS Agreement covers the protection of registered well-known marks which under certain circumstances should be protected also in regard to dissimilar goods and services. Therefore the provision in question - dealing with the protection of unregistered signs - seems not to be inconsistent with Article 16.3 of the TRIPS Agreement primarily regulating the protection of already registered marks, which have gained a special status. To partly cover the obligation of Article 16.3 - as far as cancellation of marks is concerned - an amendment to Article 30 of the Trademark Protection Law is proposed in the draft now being under examination due to the same reasons as already mentioned in regard to Article 10 (see answers to question 4 above). The amended text would read as follows:

- "(2) Application for the cancellation of a mark may be filed by the owner of a mark filed earlier for dissimilar goods and services and still in force, which is domestically well known

and where the use of the younger mark would take unfair advantage of or be detrimental to the distinctive character or the reputation of the well-known mark."

7. *Article 33a permits cancellation of a mark for non-use after it has been registered for a minimum of five years. Sub-paragraph (2) then precludes such cancellation in cases in which the owner can justify such non-use because of "statutory restrictions on trade in the goods or services ..., if it is recognized that a worthwhile interest exists in giving protection in Austria in view of serious use of the sign abroad or for other reasons worthy of consideration". Please explain the types of actions that fall within this definition, providing examples, if possible, of situations where this authority has been applied, including results of relevant administrative or judicial proceedings.*

When introducing this provision in 1977, the explanatory notes listed as an example for the justification of non-use the case if the use of the trademark would be infringing State Monopolies.

It was also stated that the question, if there is a worthwhile interest in maintaining protection, has to be solved on a case-to-case basis.

In 1984, the Austrian High Court ruled that non-use of a trademark for textiles was justified, as the (foreign) owner, in order to sell cigarettes under this trademark in Austria, had to sign a contract with the Monopoly-Board, urging him to use the trademark only in regard to cigarettes (OGH, 27 November 1994).

As a further example, a decision of the Supreme Patent and Trademark Chamber may be quoted, stating that the non-use of a trademark for pharmaceuticals was justified, as the procedure for certification and registration at the Ministry of Health had not come to an end within the five years following registration of the trademark.

8. *Article 55 of the Austrian Trademark Protection Law permits an injunction to be issued against use of a mark that has been registered for more than five years but only if it is proven that no grounds for cancellation on the grounds of non-use exist. Please explain how this provision is consistent with Article 16.1 of the TRIPS Agreement.*

The Article in question permits an injunction in criminal procedures before the Criminal Courts, if there had been an infringement of distinctive signs.

If the request for an injunction is based on a registered trademark which had been registered more than five years ago and therefore should have been used in the meantime not to run the risk of being cancelled on the grounds of Article 33a, a proof has to be produced that the requested use has taken place so that there is obviously no reason to cancel the trademark due to non-use.

As this provision only regulates the granting of injunctions in criminal procedures, it constitutes no restriction to the rights mentioned in Article 16.1 of the TRIPS Agreement.

9. *Please explain how well-known marks pertaining to services are protected under Austrian law consistent with the requirements of Article 16.2.*

According to Article 1(1) of the Austrian Trademarks Protection Law, trade and service marks are covered equally by the provisions of this Act, Article 1(1) defining marks as special signs to distinguish goods and services of enterprises. Based on this definition, Articles 30 to 33c, which deal with grounds for cancellation, specially mention marks for services, *expressis verbis*. The intended amendment to Article 30 (see answer to question 6 above) therefore covers well-known marks pertaining to services as well.

10. *Please explain how Austria provides protection for well-known marks relating to services, as is required by TRIPS Article 16.2. In addition, please explain whether knowledge of the trademark in the relevant sector of the public is taken into consideration, including knowledge obtained as a result of promotion of the mark, and how the Austrian practice conforms to TRIPS Article 16.2.*

See answer to question 9 above.

Marks for services enjoy equally protection as marks for goods according to Article 31 of the Trademark Protection Law and of Article 9(3) of the Law against Unfair Competition.

As it may be seen from the wording of Article 31 ("... was recognized in the trade concerned ..."), the knowledge of the mark in the relevant sector has to be taken into consideration.

The fact, that a sign is recognized as distinctive in the trade concerned may partly result simply from promotion but in accordance with Article 6bis(1) of the Paris Convention ("... 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.") a certain use may be required to gain this status.

[Follow-up question from the US]

In order for a mark to be determined to be well known, does the mark have to be used in Austria or is use anywhere in the world sufficient?

In accordance with Article 6bis(1) of the Paris Convention ("... 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.") proof of a certain use in Austria is required in order for a mark to be determined to be well-known with regard to Article 31 of the Austrian Trademark Protection Law.

Geographical Indications

11. *Please explain whether registrations of trademarks for wines or spirits which contain or consist of a geographical indication are refused or invalidated with respect to such wines or spirits not having this origin, and how this practice is considered consistent with TRIPS Article 23.2.*

The draft text to amend the Austrian Trademark Protection Law already provides the insertion of an *expressis verbis* provision fully consistent with TRIPS Article 23.2 into the Law.

Up to the entry into force of this amendment Article 4(1)4 of the Austrian Trademark Protection Law will continue to form the general legal basis to exclude trademarks containing or consisting of untrue geographical indications from registration.

The registration of a mark can be invalidated, if evidence is produced that it ought not to have been registered because of the existence of a ground for refusal at the priority date (see Article 33 in combination with Article 4(1)4 of the Trademark Protection Law). The decision then has retroactive effect to the beginning of the period of protection.

If, after the date of its registration a mark, in consequence of the use made of it by the owner or with his consent becomes liable to mislead the public, particularly as to the geographical origin of the goods or services for which the mark is registered, then it can be cancelled as well (see Article 33c of the Trademark Protection Law). The decision has retroactive effect to the date for which deceptive use of the mark has been proved.

12. *Please explain whether trademarks existing prior to the entry into force of the WTO Agreement are protected against appropriation from actions incident to recognition of a geographical indication. If not, please explain how this practice is consistent with TRIPS Article 24.5.*

In Austria, the whole system of intellectual property protection is characterized by the principles of priority and the observance of the rules of fair competition and of rights acquired in good faith.

Article 14(2) of the Council Regulation (EEC) No. 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs stipulates the precedence of relevant trademarks registered in good faith before the date on which applications for registration of a designation of origin or geographical indication was lodged.

Besides, the European Court of Justice has already decided that geographical indications have to be observed and protected in the other EC Member States only with the beginning of their protection in the country of origin. Together with the principles pointed out at the beginning, it therefore seems unlikely that *bona fide* acquired prior rights could be influenced by later recognized geographical indications.

Nevertheless, it is to be added that deliberations are still going on in Austria to insert a more specific provision either into the Trademark Protection Law or the Austrian Law against Unfair Competition fully clarifying the legal situation in the sense of TRIPS Article 24.5.

Design Protection

13. *Please describe the methods by which industrial designs are protected in Austria, in particular:*

- (a) *the form or forms of intellectual property used to protect the design (e.g., patent, copyright, sui generis);*
 - (b) *the conditions that must be satisfied to obtain the grant of such protection (e.g., whether designs must be new or original and the parameters of these concepts), and a brief description of the registration or granting procedure;*
 - (c) *the nature of the rights granted and the term of protection provided;*
 - (d) *the nature of remedies available to the owner of each type of protection, including a description of the conditions that may be imposed (e.g., whether commercial use is required); and*
 - (e) *whether any exceptions to protection or rights exist for each type of intellectual property involved.*
- (a) In Austria designs are protected by a *sui generis* law, the Austrian Law on the Protection of Designs, BGBl. No. 497/1990 as amended by BGBl. No. 772/1992 which entered into force on 1 January 1991 and was notified according to Article 63.2 of the TRIPS Agreement.
 - (b) The conditions that must be satisfied to obtain the grant of such protection are especially laid down in the following Sections of the above-mentioned Law: 1, 2, 3, 11, 12, 13, 14, 16, 17, 18.

- (c) The nature of the rights granted and the term of protection provided are mentioned in Sections 4, 5 and 6.
- (d) The remedies available to the owner of a design right are prescribed in Sections 34, 35 and 39.
- (e) The prior user's right provided for in Section 5 is the only exception to the rights of the owner of a design right.

Under special circumstances, designs (additionally) may be protected by the Austrian Law against Unfair Competition or by the Austrian Copyright Law. As far as the requirements are fulfilled, designs can be protected by each of these types of intellectual property.

14. *Please explain how textile designs are protected under your law.*

Textile designs are protected in the same way as other designs. Therefore, they can also be combined in a collective application covering up to fifty specimens (Section 13 of the Austrian Law on the Protection of Designs). Collective applications are cheaper than single applications (Section 40).