

TRADEMARK USE AND ADVERTISING

March 21, 2023

SPONSORING COMMITTEE: Brand Restrictions Committee.

RESOLUTION:

WHEREAS, some governments are attempting to regulate advertising on targeted products and services, for example, through the enactment of laws that impact the use of trademarks on such goods or in association with such services, by appropriating space on goods and/or packaging, and/or by affecting or removing the display of graphical trademarks, such as logos and/or fictional characters;

WHEREAS, the differences between the functions and attributes of trademarks and advertising appear to be either not understood by proponents of such advertising laws or are not being considered;

WHEREAS, the essential function of a trademark is to identify the origin of the marked goods and/or service to the consumer by enabling them to distinguish a trademark owner's goods and/or services from those originating from competitors, hence enabling consumers to make informed choices;

WHEREAS, trademarks also function to protect consumers against confusion, as well as against fraud and counterfeits impacting health and safety, including adulterated, defective, or otherwise unsafe goods;

WHEREAS, advertising is a means of communication with the users or prospective users of goods and/or services designed and intended to increase the sales of the goods and/or services, being messages paid for by those who send them, and are intended to inform or influence people who receive them; and

WHEREAS, trademarks will necessarily appear in advertising to allow consumers to identify the source of the advertised goods and/or services, and while such use of trademarks is essential for any advertising campaign, it should not be confused with use of trademarks on goods and services;

BE IT RESOLVED, that the mere use of a trademark on goods and/or services by or in itself is not advertising.

BE IT FURTHER RESOLVED, that restrictions on advertising targeted at particular products or services should not affect the use of trademarks by affixation on goods, or in association with services.

BACKGROUND:

Some governments have restricted trademark use on the basis that they construe such use as advertising as they impose certain restrictions with regard to brands in advertising which have, sometimes translated into brand restrictions. The view that trademark use is advertising however, is incorrect.

Some governments have imposed all manner of advertising restrictions (such as “time & place” restrictions or outright bans on advertising certain goods and/or services). Such regulations often impact a trademark owner’s right to affix their trademark to their goods (or use their trademark in connection with services) by wrongly assimilating use of a trademark on goods or services as advertising of a trademark. Consequently, the trademark owner’s right to use, which in many countries is a positive statutory right, is therefore negatively impacted and may constitute the expropriation of a commercially important property interest. This is even more the case in countries where the use of trademarks in advertising is considered use in commerce. Such regulations may not violate TRIPS, but they can violate specific jurisdictions’ laws that recognize a trademark owner’s positive right to use their trademark.

While trademarks may be displayed in advertising, the mere affixation of a trademark to goods is not advertising. Rather, such affixation provides the consumer with information needed to make an informed purchasing decision, based on the goodwill and reputation of the goods with which the trademark is associated.

Even in countries where a trademark registration imparts only a negative right (namely the right to stop others from using identical or similar trademarks), a restriction on the ability to affix a trademark to goods or associate it with services that is made in the guise of an advertisement restriction, may be an expropriation of trademark rights, in so far as that a trademark owner must actively use a mark to maintain a registration in most countries. When an advertising restriction hinders or even prohibits the use of a trademark – allowing a government to achieve via advertising regulations what it may not be able to legally achieve under trademark law – the ability to maintain a trademark registration can be severely impacted, resulting in a loss of legal rights.

In trademark law, the legal concepts of good will/reputation, distinctive strength, and advertisement are generally trademark attributes, not functions. Trademark statutory and case law recognize these attributes as worth protecting. That does not mean that the mere use of a trademark is an advertisement per se. Even in countries / regions where advertising is recognized as one of several potential trademark functions, it is generally clear that this advertising function is mostly relevant only in connection with enforcing the trademark and determining its scope of protection. It should, however, not be confused with and must be differentiated from the primary function of a trademark which is to indicate origin of the goods or services, especially on the goods themselves or their packaging.

Trademarks also serve a triple consumer protection function. Firstly, trademarks assist consumers in making educated purchase decisions, so consumers can repeat a positive experience, or avoid a negative experience, associated with particular goods and/or services. Secondly, in some industries such as the pharmaceutical and chemical sectors, trademarks contribute to consumer protection by reducing potential dangerous confusion between products, despite strong restrictions in advertising in such industries. Thirdly, trademarks assist both consumers and law enforcement in detecting counterfeit goods. Removing trademarks from legitimate goods and services only facilitates

counterfeiting. This is particularly important with respect to counterfeit goods and/or services that can be dangerous to the health and safety of consumers. Accordingly, it is essential a balance between legitimate interests of trademark owners and other public interests is maintained. Abandoning this balance would not only create legal uncertainty, but also make it more difficult for consumers to make informed decisions and increase the likelihood of confusion and presence of counterfeits on the market.